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The Rise of China:

A Challenge to International Order?



Kim Jacobsen
A thesis submitted for the Degree of
Master of Social Sciences, China and
International Relations



Abstract

The peace of Westphalia in 1648 created an international order based on equilibrium instead of total conquest, which had been the dominant notion in Europe previously. At present, the liberal international order spearheaded by the US is being challenged by China. However, the US is also dismantling aspects of order by withdrawing from the Paris Agreement and the Trans Pacific Partnership. The rise of China is a well-researched subject in academia. Scholars such as Mearsheimer, Jacques, Kissinger, and Miller all agree that China's rise is a misnomer – instead China is reemerging to former glory. This thesis is analyzed through the theoretical framework of offensive realism and mercantilism/neo-mercantilism. The historical overview is a descriptive account of European power calculations since the peace of Westphalia and the fragile nature of international order. Furthermore, it also highlights the fact that China does not reject the liberal international order, it actively embraces aspects of it, but it does so in order to reinforce and shape elements that advance its own interests. The analysis has provided insight into how China is challenging the international order and what options the US has to balance it. In addition to this, the discussion examines why China challenges the international order, what it would take for China to become a regional hegemon, and reflecting on some of the theoretical shortcomings of realism.

In sum, China is challenging the international order by affecting multiple dimensions of order such as the economic, political, ideological, strategic, and security through its actions in the South China Sea, One Belt One Road, and the Asian Infrastructure Investment Bank in order to restrict and limit US's involvement and activities in Asia to better safeguard its national interest. Furthermore, the hypotheses stating that China will abandon its non-interference policy to better safeguard its national interest and that China will try to become a regional hegemon in Asia was neither proven or disproven, but if China continues its aggressive trajectory of increasing its power and reach it could very well be proven in the future.

Abbreviations

Asian Development Bank (ADB)

Asian Infrastructure and Investment Bank (AIIB)

European Union (EU)

Gross Domestic Product (GDP)

International Monetary Fund (IMF)

Market Economy Status (MES)

Maritime Silk Road (MSR)

North Atlantic Treaty Organization (NATO)

New Development Bank (NDB)

One Belt One Road (OBOR)

Purchase Power Parity (PPP)

Regional Comprehensive Economic Partnership (RCEP)

Shanghai Cooperation Organization (SCO)

South China Sea (SCS)

Special Drawing Rights (SDR)

Silk Road Economic Belt (SREB)

Trans Pacific Partnership (TPP)

United Nations (UN)

United Nations Convention on the Law of the Sea (UNCLOS)

United States (US)

World Trade Organization (WTO)

World War One (WWI)

World War Two (WWII)

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Author,

Kim Jacobsen

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Introduction

The international system has always been enforced by unspecified rules and stipulations to ensure order, but with the peace of Westphalia in 1648 the first structured establishment of world order emerged. World order describes the concept of a set of systems, structures, and conditions held by a region or civilization that ensures the distribution of power. Moreover, “(...) *an international order is the practical application of these concepts to a substantial part of the globe – large enough to affect the balance of power*” (Kissinger, 2015: 9). After the peace of Westphalia, the state, not empire, dynasty, or religion became the principal actor in the international system. As the state became the principal actor in the international system the concept of sovereignty emerged and domestic structures and religious beliefs moved from the domain of international interference and conflict towards national self-determination. In addition, the peace of Westphalia also created a structure of loose diplomatic exchanges by stationing representatives in capitals of neighboring states. This was done in order to minimize conflict and resolve potential discrepancies. Power and the pursuit of national interest remained important for states, but a collective acknowledgement emphasizing the need for new structures to ensure order emerged in Europe. To put it differently, equilibrium instead of total conquest became the dominant notion in Europe after the conclusion of the Thirty Year War (1618-1648). The Westphalian order became recognized as legitimate because it was capable of encompassing any state as long as it would accept the basic requirements such as state sovereignty, territorial control and diplomatic exchanges (Kissinger, 2015: 26-27).

The Chinese understanding of order persisted and thrived during the inception of the Westphalian order because conceptually no order had ever managed to encompass the entire world. The Westphalian order and the Chinese tributary system existed simultaneously without threatening the validity of the other because of the vast distances separating the two regions. Imperial China “(...)

embraced an utterly Sinocentric view of its place in the global order. This was not a world with a common measure, as in a system of nation-states, but instead a bifurcated world, consisting of a single 'civilization' surrounded by many 'barbarians'” (Jacques, 2009: 304). Moreover, imperial China did not see other nation-states as their equal due to their superior civilization and because it believed it was the center of the world, the ‘Middle Kingdom’, the ‘Land under Heaven’. Furthermore, the Chinese tributary system was the principal structure of order between China and its tributaries, which consisted of economic relationships that were structured around China’s economic and cultural dominance in the region (Jacques, 2009: 532). The tributary system was a hierarchical order based on a single dominant hegemon, China, in contrast to the Westphalian order that was based on the balance of power between multiple great powers. However, at the end of the 19th century the Qing dynasty was increasingly obliged to operate according to the rules of the Westphalian order because of the increased presence and threats from the European powers and Japan (Jacques, 2009: 245). The tributary system and its hierarchical order was replaced with balance of power as the guiding principle of order but that only lasted until the end of World War Two (WWII), where a new order emerged that once again replaced the notion of balance of power with a hierarchical order with the United States (US) at the top (Ikenberry, 2016: 14-15).

The world has seen tremendous change since the peace of Westphalia, but the basic nation-state structure remains intact. Since the end of WWII a liberal international order emerged spearheaded by the US through the creation of a multilateral institutions, regional institutions, treaties, rules and norms that emphasized democracy, free-market capitalism, and liberal political values; freedom of speech, rule of law, and human rights. Between 1944 and 1949, the United Nations (UN), the Bretton Woods institutions, the International Monetary Fund (IMF), the International Bank for Reconstruction and Development, and the North Atlantic Treaty Organization (NATO) were

created to uphold and stipulate the rules of the international system. The US was the primary architect behind this framework and continues to be the only regional hegemon in the world. A regional hegemon is by Mearsheimer defined as a state capable of dominating any other state in a distinct geographical area (Mearsheimer, 2014: 40). Furthermore, *"(...) states that achieve regional hegemony seek to prevent great powers in other regions from duplicating their feat"* (Mearsheimer, 2014: 41-42). The US has spearheaded the military and security order in Asia for decades, but China has become a leading economy in Asia, a military power that far outstrips its neighboring states. The US feels threatened because its ability to project power seems to be diminishing because China's increased wealth and power challenges the structure of the liberal international order featured by trading economic stimulus and interdependence for relaxed strategic and security concerns in the region, thereby, limiting the US influence in the region (Ikenberry, 2016: 29). In addition to this, the US is also dismantling aspects of order by withdrawing from international agreements that provide structure and stipulate the rules of the system.

China has experienced unprecedented growth since the opening up in 1978, which has transformed its economy, industry, technology, military capabilities, and ambitions. Today, China is the biggest manufacturer and exporter of goods and the second largest economy in the world. Moreover, beginning in 2001 with the entry into the World Trade Organization (WTO) and the establishment of the Shanghai Cooperation Organization (SCO) in the same year, China's global and regional reach expanded considerably. Furthermore, China established the Asian Infrastructure and Investment Bank (AIIB) in 2015 with fifty-seven founding members including Germany, France, United Kingdom, and Australia. Additionally, in 2016 China's One Belt One Road (OBOR) initiative reached 912 billion US\$ in combined imports and export with countries along the land-based belt and the oceangoing maritime road primarily from infrastructural investment and

development, production, and increased economic integration (Acharya & Si, 2017). China is increasingly voicing its view on global issues and greatly impacting the regional situation in Asia. Moreover, China has been pushing the free trade and globalization agenda aggressively after a number of global developments created a situation in which an apparent vacuum in global economic leadership emerged that China seems eager to fill at least rhetorically (Barkin & Piper, 2017). It seems apparent that the necessity for reform and rearrangement of interests is being voiced in a number of multilateral institutions such as the IMF and the World Bank. Furthermore, even the European Union (EU) has acknowledged that its scope and reach must be reevaluated and better mirror the position of its member states. These unforeseen changes combined with China's rise and expanding influence might bring disorder rather than order (Eder, Heath, Barigazzi, & Ariés, 2017).

Disorder might occur due to the conflicting worldviews between the West and the East, which is being outlined more clearly as China's position strengthens. China's One-China policy and its activities in the South China Sea (SCS) are already non-negotiable and it seems likely that other interests such as energy security, cyber security, freedom of sea navigation, and outer space access could become areas of conflict in the future. Furthermore, China's position in the international economic order has only increased in recent years by accentuating the importance of free trade and globalization by creating its own institutions and frameworks to expand its influence. This includes China's inclusion in the Special Drawing Rights (SDR) by the IMF in late 2015, the Regional Comprehensive Economic Partnership (RCEP), the New Development Bank (NDB), the AIIB, OBOR initiative and China's continued focus on attaining Market Economy Status (MES) by the WTO. Furthermore, the Beijing Consensus is linking infrastructure to progress and development, meanwhile providing an alternative to the Washington Consensus, which has been utilized by the World Bank and IMF to link development with market-friendly policies, economic stabilization,

and government transparency, which is influenced by the open-access liberal logic spearheaded by the US. China, however, has utilized its economic strength for political concessions by nations that are dependent on access to capital and infrastructure, but does not uphold the regulations and conditionality needed to acquire loans from the World Bank and the IMF. This capital void has been filled by China, which in turn has increased China's relative influence and share of world power. However, a number of Western nations are pushing back against China's increased influence because they argue that China is not playing according to the rules of the system, thereby, taking advantage of the liberal international order (Shaffer, 2017). It remains to be seen how China's rise will affect international order in the long run but China must have an answer ready if it assumes the position of regional hegemon. With great power comes great responsibility and China needs to present a vision for the world that imbues respect, justness and openness through political will rather than economic arrangements in order to change the availability of the prevailing international order (Tao, 2017: 1).

Thesis Statement

'How is China challenging the international order?'

Hypothesis

Based on the thesis statement, this thesis proposes the following hypotheses:

- *'China will abandon its non-interference policy to better safeguard its national interest'*
- *'China will try to become a regional hegemon in Asia, like the US in the Western Hemisphere'*

Accordingly, it will be examined *how* China is challenging the international order by looking at its actions in regard to the SCS, OBOR, and AIIB by applying theoretical concepts from offensive realism and mercantilism/neo-mercantilism. A meta-analytical methodological approach will be applied in order to provide an understanding of the connection between China's rise in the international system and the response from the US. The aim of this thesis is thus to put forward a comprehensive discussion on developments that underpin the importance of China's regional actions in regard to international order through a realist lens.

Concept Clarification

'National interest' is used to describe the most essential interests for any state. The national interest is any objective that can increase the wealth and power of the state and ensure its survival.

'International order' refers to rules and stipulations that ensure order, which are being implemented and protected by a number of great powers or one hegemon. The liberal international order refers to the rule-based order that the US spearheaded after WWII. It encompasses multiple

components, systems, and structures such as multilateral institutions, regional institutions, treaties, rules, norms and combined all of this is to be understood as something that creates order within the international system. However, it is important to highlight that order exists in multiple domains such as political, economic, security, strategic, and ideological and combined they should be conceptualized and defined as the international order. Moreover, three levels of order exist - world order, international order, and regional order. However, it is important to highlight that the concept of order is rather vague in terms of a unified definition and thus scholars in the academic community use the terms world order, global order, and international order interchangeable, which is incorrect in regard to how this thesis uses the concept.

'Balance of power order' is maintained through equilibrium of power among great powers, as was the case after the peace of Westphalia. No state dominates or controls the system and order is therefore structured around balance rather than hegemony.

'Hierarchical order' refers to an order where the leading power or hegemon uses its power capabilities to build and enforce order based on its supremacy. The Chinese tributary system and the liberal international order are both based on a hierarchical order.

'Power' is based upon the size of the state's population and the level of wealth it controls. States have two kinds of power, military power, which refers to the current size and strength of the state's army, and supporting naval and air forces, and latent power, which refers to the potential power of the state and is based on the sophistication of technology, population size, resources, and overall wealth.

'Regional hegemon' refers to a state that dominates a specific region of the world, like the Western Hemisphere where the US acts as a regional hegemon. In contrast, a global hegemon dominates the world and as such no state can be defined as a global hegemon.

‘China’s rise’ refers to the growth and modernization process that China has experienced since the opening up in 1978. It also refers to China’s increased economic, political, and military power and influence regionally and globally.

‘Non-interference’ is used to describe one of the main foundations of China's foreign policy since Mao Zedong, which refers to China’s non-interference in the domestic politics of other states. It is based upon the principles of state sovereignty and self-determination.

Thesis Structure

This thesis contains eight chapters in total:

- Chapter 1 Introduction
- Chapter 2 Literature review
- Chapter 3 Methodology
- Chapter 4 is centered around providing a theoretical foundation based on offensive-realism and mercantilism/neo-mercantilism to ensure a conceptual framework for analyzing and discussing how China’s behavior is to be understood in the international system. Furthermore, an overview of theoretical differences between realism, liberalism, and critical theory will be undertaken to highlight some of the conceptual differences that exist. The section on offensive realism will account for the core assumptions and more in-depth analysis of three concepts that relate to the national interest, which is wealth and power, survival and self-help, and cooperation and strategy. The section on mercantilism/neo-mercantilism will also cover the history of mercantilism, while emphasizing the different mercantilist strategies available.
- Chapter 5 will provide a historical overview of the development of international order in Europe since the peace of Westphalia to provide context for the evolution and changes to

order since 1648. Moreover, this section will also account for the US ascension to regional hegemon in the Western Hemisphere and the creation of the liberal international order. Lastly, this section will provide context for the assertion about ‘China’s rise’, which means that a description of China’s current GDP, trade, military size, technology, resources, and population growth will be included to assure that the aforementioned proclamation is correct.

- Chapter 6 is the main analysis part of this thesis and will look into China’s national interest in regards to the SCS, OBOR, and the AIIB. The overall theme of the analysis will focus on how China is taking advantage of the prevailing international order, meanwhile creating competing institutions and frameworks to better protect and expand its own interests.
- Chapter 7 will discuss why China challenges the international order. The primary reason for discussing this is to complement the thesis statement by not only investigating the how, but also the why. Furthermore, the US is the only regional hegemon in the world, the main architect behind the liberal international order and the biggest economy in the world and thus it seem relevant to discuss if its even realistic to argue that China could potentially become the regional hegemon of Asia again. Moreover, how would a modern China assert its power? This chapter will also discuss theoretical reflections in regards to offensive realism that I consider outdated or limited in its ability to explain power of the 21st century.
- Chapter 8 will provide a conclusion to the thesis statement, which is *‘How is China challenging the international order?’* and the two hypotheses, which are *‘China will abandon its non-interference policy to better safeguard its national interest’* and *‘China will try to become a regional hegemon in Asia, like the US acts a regional hegemon in the Western Hemisphere’*.

Literature Review

This section provides a literature review of the research that is particularly important for this thesis in terms of understanding the concepts related to international order and its evolution since the peace of Westphalia, realism as a theoretical framework, and the necessary context for understanding China's rise and its subsequent increased global influence and power.

This thesis relies on offensive realism for its theoretical foundation and thus a natural point of departure is John J. Mearsheimer. His book, *The Tragedy of Great Power Politics* combines his theory of offensive realism with an analysis and discussion of the shifting power transitions that have occurred throughout modern European history. According to Mearsheimer, great powers seek power in order to become the hegemon due to the self-help nature of the world where every state is left to ensure their own survival. China's rise is viewed as a natural phenomenon where wealth and power has increased rapidly and military power is starting to represent a challenge to other regional players in Asia, including the US. As a realist, Mearsheimer's point of analysis is on great power and their interaction in the international system. That is in stark contrast to (Jones, 2013) where the approach is neither realist where China's rise represents a turn to anarchic power politics or liberal where institutions will foster increased cooperation and hinder blatant power conflicts. Instead, China's actions are analyzed through the lens of social identity theory, identity theory, and social constructivism. Additionally, (Jones, 2013) argues that the international order is a construct made by the relations between individuals and institutions and thus order is in constant flux, always ready to recreate and rearrange itself to better represent new circumstances. According to Henry Kissinger, international order is a practical application of a set of systems, structures, and conditions and thus he negates the importance of individuals and instead focuses on the framework and underlying historical foundation for building and rearranging order. His book, *World Order*

manages to encompass a broad historical account of the development of order all over the world. Moreover, (Ikenberry, 2016) contends that the East Asian order is being reorganized driven primarily by China's rise. However, he argues that the liberal international order can maintain a situation in which China rises peacefully due to the mutual economic and security interdependence between the US and China. This opinion is also uttered by (Nye, Jr., 2011) while providing a strong account of different kinds of power at play in world politics – instead of viewing power in realist terms, Nye expands the concept to include soft and smart power capabilities, which he argues can help guide America's approach in engaging China through different means of cooperation. This is in stark contrast to (Mearsheimer: 2014) 'pessimistic' analysis, which concludes that China cannot rise peacefully due to the anarchic nature of the international system. Martin Jacques agrees with Mearsheimer from a revisionist perspective. His book, *When China Rules the World* is the most comprehensive account of Chinese history, politics, economics, and culture. He explains why China's rise is a misnomer and instead refers to China's rise as a reemergence to former glory with an emphasis on how China's power is felt regionally and globally through bilateral and multilateral engagements. Furthermore, (Miller, 2017) echoes some of the same sentiments as (Jacques, 2009) from a revisionist perspective while providing a more updated but narrower view of China's Asian dream.

This thesis is providing a comprehensive discussion on developments that underpin the importance of China's regional actions in regard to the challenge it brings to international order through a realist lens. It is important to highlight that this topic is divisive because no one can predict the future and thus the literature and theoretical approach used in this thesis will only present one potential outcome based on realist logic and theory.

Additional Literature

- “How China Sees World Order” by Richard Fontaine and Mira Rapp-Hooper (Fontaine & Rapp-Hooper, 2016).
- “Coming to Terms with Chinese Power” by Nigel Inkster (Inkster, 2016).
- “Rising bipolarity in the South China Sea: the American rebalance to Asia and China’s expansion” by Stephen F. Burgess (F. Burgess, 2016).
- “Meeting the Chinese Challenge to the Regional Order” by Denny Roy (Roy, 2016).
- “American World Order: The End of the ‘End of History’” by Sergey Chugrov (Chugrov, 2015).
- “The European Union in a Multipolar World: World Trade, Global Governance and the Case of the WTO” by Megan Dee (Dee, 2015).
- “The Blind Men, the Elephant, and Regional Order in Northeast Asia: Towards a New Conceptualization” by Sam-Sang Jo (Jo, 2015).
- “Responding to China’s Rise – US and EU Strategies” by Vinod K. Aggarwal and Sara A. Newland (K. Aggarwal & A. Newland, 2015).
- “Development, intervention, and international order” by David Williams (Williams, 2013).
- “Xi’s Global Leadership Ambitions in the Trump Era” by Wang Tao (Tao, 2017).
- “Backing into World War III” by Robert Kagan (Kagan, 2017).

Methodology

China's rise seems to be well established, but whether it distorts international order, challenge it or complements it seems to be an ongoing academic debate. This thesis has decided to research *how China challenges the international order* through a realist lens because I agree with the core assumptions made about the international system by realism. Moreover, if not blatantly obvious by stating it outright then at least in the discussion and conclusion the following scholars emphasize realist theory as their analytical tool as well (Mearsheimer, 2014), (Kissinger, 2015), (Jacques, 2009), (Kagan, 2017), and (Miller, 2017). Furthermore, realism in contrast to liberal institutionalism takes into account both absolute gains and relative gains, which is an integral flaw in institutionalism as it is built upon the same core assumption that states are the principal actors in the anarchic system and that military power matters for states (Mearsheimer, 1994-1995: 20). Even Keohane acknowledged the lack of emphasis to the two types of gains "(...) *the issue of relative gains, a subject that has been underemphasized, especially by liberal or neoliberal commentators on the world economy*" (Mearsheimer, 1994-1995: 19). In addition to this, collective security theory was not included because its assumptions about the international system follow the logic of realism without providing a sufficient explaining for why states should move beyond self-help considerations. Moreover, the theory does not specify how it will distinguish between aggressor and victim or how it will handle situations where some member states decline military actions because of self-interests, historical or ideological reasons (Mearsheimer, 1994-1995: 31). Critical theory was not chosen as the theoretical foundation of this thesis because it seems unable to concretely describe how it will fundamentally affect state behavior. Additionally, realism and critical theory have different epistemologies and ontologies realism argues, "(...) *that there is an objective and knowable world, which is separate from the observing individual*". Whereas, critical theorists see

"(...) subject and object in the historical world as a reciprocally interrelated whole and they deny the possibility of objective knowledge" (Mearsheimer, 1994-1995: 41).

Research Design

This thesis will start with a theoretical overview of offensive realism and mercantilism/neo-mercantilism. Thereafter, a three part historical account that covers the development of international order since the peace of Westphalia up until the Treaty of Versailles, How the US became a regional hegemon and what the liberal international order is, and what China's rise means. After the historical overview, the analysis, and the discussion will be structured according to the following sections:

1. Analysis of China's involvement in the South China Sea and how it might affect the security order. To what extent is China taking advantage of the existing order? What are China's ambitions?
2. Analysis of China's ambition in regard to the One Belt One Road initiative and how it might challenge the strategic order. What are the reactions to China's assertions? How can OBOR expand China's power and influence?
3. Analysis of how the Asian Infrastructure and Investment Bank are challenging the economic order. Can China create a new international order? Is the AIIB a complementary institution or a challenge to the World Bank and IMF?
4. Discussion of 'Why China Challenges the International Order', what it would mean if China was the 'Regional Hegemon of Asia', and 'Theoretical Reflections' to broaden the scope of this thesis and set the groundwork for further studies.

These particular research questions were chosen to create a comprehensive picture of how and why China challenges international order and what practical and theoretical questions still remain unanswered.

Meta-analysis

The purpose of a meta-analysis is to combine results from different studies devoted to a specific research area in order to allow researchers to look for patterns or trends that might exist. Since a meta-analysis combines large amounts of data, it can be particularly useful to narrow the field of research and find the most contributing factors to a given subject (Borenstein, Hedges, & Higgins, 2009). This thesis will primarily research *how China challenges the international order*. In order to do this, a meta-analysis will be utilized to analyze and discuss different factors that challenge the prevailing international order. The most prominent instances of struggle and interaction between states exist in the SCS, OBOR, and in the AIIB. These instances will be investigated by applying theoretical concepts from realism, (offensive realism and mercantilism/neo-mercantilism) to explain how China's engagement in these three areas might challenge domains of order. Moreover, the discussion will focus on the reaction to China's rise by the US, how China could become a regional hegemon and the theoretical shortcomings that exist in offensive-realism in explaining hard power of the 21st century and US strategy towards China.

This thesis is a synthesis of already published research that focus on China's rise, international order and great power politics and will provide a review of the state of the field. Consequently, using a meta-analysis method will only provide this thesis with other scholars' research and will not include any empirical findings of its own. This is one of the pitfalls of a meta-analysis, as it will limit the analysis and discussion to the secondhand information instead of interviews or statistics conducted independently. In addition to this, another pitfall is that research might be overlooked since the scope of analysis is loftier and more comprehensive than other approaches. However, this thesis will try to limit the possibility of this by having a thesis statement that is exact and possible to provide a sufficient conclusion to. Moreover, the advantage of doing a meta-analysis is that by

focusing solely on already published researches it is possible to provide a broader multifaceted discussion that would have been difficult otherwise (Borenstein, Hedges, & Higgins, 2009).

Limitations

This thesis has three limitations that need to be addressed. First, theoretical shortcomings that limit the scope of analysis on aspects that can be explained rather than challenge the theory, which is why there is a theoretical reflection in the discussion to address this limitation. Second, the concept of international order is vague and is being utilized by scholars in a variety of ways and thus it is to some extent hard to fully explain and utilize. Third, the literature chosen is used to highlight the realist perspective and does not showcase the wide variety of notions, comments, and thoughts on this subject. Instead, the literature used emphasizes the point that this thesis is trying to make instead of providing multiple viewpoints.

Theories of social sciences encounter anomalies because they attempt to simplify complex aspects of reality and thus it is important to emphasize that neither offensive realism or mercantilism/neo-mercantilism provides definitive answers, but they do provide a framework for analyzing and discussing how China's rise will challenge the international order. Furthermore, it is important to emphasize that this thesis has decided to investigate this topic from a realist standpoint and thus certain aspects of China's rise will not be covered due to the descriptive limits that exist within realist theory. Moreover, it is intentional that this thesis only relies on one theoretical framework and that is to ensure rigorous research that has one focus rather than multiple. Instead of providing multiple answers to how and why China challenges the prevailing international order, this thesis will provide one definitive answer from a realist perspective. This is not to say that liberalism, constructivism, Marxism or world-system theory is incorrect in their assessment, but that this thesis

has a different chosen one theory to research this and thus neglects other viewpoints in favor of realism.

World order, global order and international order is being utilized interchangeably by some scholars in the academic community, but it is important to reiterate that world order in this thesis describes the concept of a set of systems, structures, and conditions that ensures the distribution of power. However, because order is multilayered and includes systems, structures, and conditions that states can opt-into or opt-out of, one unified world order does not exist and has never existed. Instead, this thesis uses the concept of an international order, which is the “(...) practical application of these concepts to a substantial part of the globe – large enough to affect the balance of power” (Kissinger, 2015: 9). Moreover, when this thesis uses the concept of an international order then it entails multiple dimensions of order such as, a political, economic, security, strategic, and ideological order, which put together should be understood and defined as international order.

The usage of such an obscure concept might be limiting this thesis in regard to answering the thesis statement in a satisfactory manner, but it is the best conceptual framework available when analyzing and discussing the meta-aspects of the international system and how states affect it.

Literature is always chosen and thus inherently subjective to some degree. Therefore, it is important to highlight that this might be a limiting factor in this research. The research approach of this thesis is a meta-analysis and thus a lot of qualitative research such as scholarly articles, books, newspapers, etc. is the bedrock of this thesis. However, due to the selectiveness of a meta-analysis approach research must include subjects like China’s rise, international order, realism or the development of the international system to be considered relevant. Therefore, a bias against certain research might exist, which may exclude literature on the basis of providing a different opinion or

narrative. However, this thesis has tried to provide a thorough argument for why a realist approach was taken and why the specific research chosen can provide a review of the state of field, while still being broad and rigorous in its approach to academic research.

Theory

This thesis will rely on realism to analyze and discuss China's rise and subsequent challenge to the prevailing international order. Furthermore, this section will provide a conceptual understanding of offensive realism and mercantilism/neo-mercantilism. This section will also examine the theoretical differences between realism, liberalism, and critical theory to highlight some of the conceptual differences that exists.

Realism can be divided into three schools of thought starting with Morgenthau's *Politics among Nations*, which is referred to as human nature realism or classical realism and is structured around the idea that people have an inherent lust for power and thus pursue strategies to dominate others. Defensive realism or structural realism was expressed in Waltz's *Theory of International Politics*, which argues that states do not attempt to dominate other states, but rather balance them to ensure survival. Offensive realism however, argues that states try to maximize power to ensure survival and that the ultimate aim of any state is to become the only hegemon in the system (Mearsheimer, 2014: 19-21). Furthermore, realists do not distinguish between good or bad states, but instead emphasize that states act according to the structure of the international system, which is a self-help world where states pursue power to guarantee their own survival (Mearsheimer, 2014: 23). Moreover, realists view states as black boxes because their focus is on external interaction with other states and not the domestic workings of the state.

Realists argue that great powers do not seek to promote world order, but instead try to maximize their own share of world power, which ultimately creates difficulties in sustaining a stable international order because everyone try to influence the system in order to protect their own national interest. To put it differently, an international order according to realists is a by-product of

the collective national interest of the systems great powers rather than a global acknowledgement and acceptance of a specific order (Mearsheimer, 2014: 49).

Offensive Realism

Offensive realism is based on a number of core assumptions about the international system. First, the international system is anarchic, which should be understood as a system wherein independent states govern their own sovereignty without any central authority above them. Second, great powers have offensive military capabilities at their disposal to enable aggressive and defensive options to ensure their own survival. Third, states can never be certain about other states' intentions and thus uncertainty is an ingrained part of the system. Fourth, survival is the ultimate goal of any state because without the survival of the state any other objective cannot be achieved. Fifth, states are rational actors and thus they consider short-term and long-term consequences of their actions (Mearsheimer, 2014: 30-31). Furthermore, realists argue that institutions are basically reflections of the distribution of power in the world and that the most powerful states in the system create and shape institutions to maintain or increase their share of world power. Moreover, for realists domestic concerns and considerations, individuals, and ideology matter little because states are the principal actors in the international system. Furthermore, offensive realism stipulates that “(...) *multipolar systems are more war-prone than bipolar systems, and that multipolar system that contain especially powerful states – potential hegemons – are the most dangerous systems of all*” (Mearsheimer, 2014: 5). A situation like that exists today, but that does not mean that the world is in a constant state of war, but that states are in a relentless security competition with each other and that the possibility of war always lures in the background.

Wealth and Power

Mearsheimer defines power as specific assets or material resources that are available to states (Mearsheimer, 2014: 57). Moreover, offensive realism distinguishes between two types of power, latent and military. Latent power refers to socio-economic factors that go into building military power such as wealth, technology, resources, and population size. This thesis will measure wealth in terms of GDP. Furthermore, latent power should be viewed as states potential capabilities rather than its current capabilities (Mearsheimer, 2014: 55). Military power is based on the size and strength of the states army and its supporting air and naval forces. As Mearsheimer argues *"(...) Even in a nuclear world, armies are the core ingredient of military power [...] The most powerful states, therefore, are those that possess the most formidable land forces"* (Mearsheimer, 2014: 56). Following the logic of offensive realism, China has impressive latent power due to its growing economy and population size of 1.38 billion or 18.47 percent of the total world population in 2017 (Worldometers.info, 2017). It is also important to note that some non-material factors also affect the balance of power like strategy, intelligence, resolve, weather, and disease (Mearsheimer, 2014: 58). However, although wealth is the foundation of military might it is not an exact measurement for distilling the power projection capabilities of the state or its efficiency in war. Other factors that influence military might are oceans, which deter long distance power projection because the attacking force always will be at a disadvantage against land-based military structures. Mearsheimer, therefore, concludes that its, *"(...) impossible for any state to achieve global hegemony [...] Thus, great powers can aspire to dominate only the region in which they are located, and possibly an adjacent region that can be reached over land"* (Mearsheimer, 2014: 84). In other words, there is no such thing as a global hegemon rather we must use the concept of regional hegemon when describing the US.

Survival and Self-help

The most important thing for any state is to ensure the survival of the state and the best way to do that is to increase the wealth and power of the state, which increases the likelihood of becoming the strongest power in the system. However, states have multiple strategies for protecting themselves, while increasing their share of world power and thus war is not the only option available. Blackmail, bloodletting, balancing, buck-passing, appeasement, and bandwagoning are the main strategic concepts of offensive realism in explaining the behavior of states in the anarchic system, where self-help is the law of the land and thus, survival relies purely on the individual state and no higher authority (Mearsheimer, 2014: 138-139). However, war is the main instrument to increase world power and thus improve the survivability of the state. In some instances, war creates benefits beyond the increases in world power through territorial expansion, resources, wealth either directly or indirectly through taxes, industrial output, technology, or through financial transfers from occupied states like during WWII when Germany was capable of mobilizing *"(...) an annual average of 30 percent of French national income, 42-44 percent of Dutch, Belgian, and Norwegian prewar national income, and at least 25 percent of Czech prewar national income"* (Mearsheimer, 2014: 149). However, it is also the most costly in terms of casualties and destruction and thus other strategies are being utilized to a larger extend.

Cooperation and Strategy

States frequently cooperate, but it has its limits because states can never be fully certain about other states' intentions. However, when cooperation occurs states must consider how the profits or gains will be distributed among them. Two ways of looking at gains exists; absolute gains, which focuses on maximizing your own profits without any attention to the gains or loss of the other side or relatives gains, which considers individual gains but also how well it compared to the other side. In

a world concerned with the balance of power states are mostly concerned with relative gains (Mearsheimer, 1994-1995: 12). Furthermore, states have a number of options besides war and these strategies are outlined below.

Blackmail is the threat of force rather than the actual use of force to produce results. This strategy is relatively cost-free, but it is also difficult to utilize without a credible force because without leverage any state would rather fight for their national interest than submit to blatant threats.

Bloodletting is when a state initiate measures that will ensure that all involved parties will be part of a protracted and deadly war, which might deter potential aggressors because of the high risk involved.

Balancing occurs to prevent upsetting the balance of power. Balancers commit themselves militarily to contain the aggressor in order to protect their own national interest.

Buck-passing is when a threatened state finds another state to cover the burden of containing the aggressor, thereby, passing the military burden onto someone else. The buck-passer avoids military conflict and costs in the event of war.

Appeasement is a strategy wherein the less powerful state, the 'appeaser', concedes power to make the aggressor feel more secure and thus limiting its motive for aggression. In an anarchic system, wherein all states protect their own interests this strategy together with bandwagoning seems counterproductive, but it is important to acknowledge that the ultimate aim of any state is to ensure the survival of the state. Additionally, bandwagoning occurs when a less powerful state joins the aggressor as a subordinate in the hope of gaining some potential power or spoils of war as a token of appreciation (Mearsheimer, 2014: 138-139).

Mercantilism/neo-mercantilism

Mercantilism is a branch of realism, which attaches importance to the role of states in the realm of international economic affairs. Adam Smith introduced the term of mercantilism in the 18th century as a criticism of the global economy, which was dominated by protectionist strategies. Therefore, he developed the notion of a ‘mercantile system’ to describe and criticize how states acted at the time. In his book, *The Wealth of Nations*, Smith created a theoretical model for mercantilism to demonstrate its problems and errors (Coleman, 1980: 774-775). The original trait of the system is the pursuit of wealth and power at the cost of other nations. Moreover, the strategy has seen many shapes and forms throughout time, but in its roots there has always been protectionist policies either purely blatant or assuming a subtle approach (Cwik, 2011: 7). An example of a mercantilist trade strategy was when England in 1651 put into effect the Navigation Act, which required all goods imported into England to be carried by English ships or by ships owned by the country of origin where the goods were produced. The Navigation Act was created to cripple the Dutch economy because the Dutch did not produce a lot of goods themselves, but instead controlled a dominating naval fleet that transported goods all over the world. However, this strategy did affect England negatively as well “(...) *but it did more damage to the Dutch economy than to the English economy, and in the mid-seventeenth century Holland was the only naval power which could endanger the security of England*” (Mearsheimer, 2014: 48). Protectionist policies aim to generate a trade surplus, which is understood by mercantilists as the source of wealth and power of the state. Following this understanding of mercantilism, if a nation wants to acquire an advantageous position in the international system, it needs to generate a trade surplus in order to increase its military capabilities (power), which costs a considerable amount of capital (wealth). The mercantilist solution is to enter other nations markets by exporting more than they import and thus generate an unbalanced trade flow, which favors the exporting country. The additional inflow of capital from

trade will be utilized by the state to advance its national interest (Cwik, 2011: 7). Therefore, the main aim of mercantilism is not rooted in economic gains, but rather to improve power capabilities that advances the national interest. However, the state needs to balance two opposing logics in practice; state logic, to create wealth and power for the state; and market logic, increasing profits and productivity for industries to be competitive (Hettne, 1993: 206).

Neo-mercantilism, at its core, has the same goal as mercantilism, as is clear by Guerrieri and Padoan's definition of the concept: *"(...) the pursuit of a current account surplus; namely, a persistent excess of exports over imports"* (Guerrieri & Padoan, 1986: 30). This surplus will, in return, actively stabilize the domestic situation by promoting investments (Guerrieri & Padoan, 1986: 30). However, the importance of the international economic system is taken into account and, therefore, not only is a nation's survival emphasized but also its role in affecting order (Hettne, 1993: 208). Accordingly, policymakers promoting neo-mercantilist strategies would ideally want to generate financial inflows by having a high number of exports, much like traditional mercantilism, but also influence the international economic system in order to gain an advantageous position. Trading in the global economy promotes investment and productivity in the industries that export, leading to more innovation and, therefore, higher economic growth. This pattern is identified as the 'virtuous circle' (Guerrieri & Padoan, 1986: 31). Furthermore, there are some crucial features of neo-mercantilism that needs to be addressed, namely that a nation has to balance between restrictive policies that limit the national expenditure and open-door policies that allow foreign investments. Moreover, not every country can have these policies at the same time, as they promote a process wherein one state is getting market access, while restricting the opportunities of access to others (Guerrieri & Padoan, 1986: 32-33). Moreover, by the end of the Bretton Woods system neo-mercantilism witnessed a transformation in its form, which gave protectionist policies multiple new

avenues to exert influence and increase wealth. Indirect policies and trade maneuvers could now affect the trade surplus by not only exporting goods, but also labor, capital, environmental frameworks, security, and currency manipulation (Cwik, 2011: 8-9). For the international economic system to work, all major countries have to balance neo-mercantilist ‘beggar-thy-neighbor’ policies with expansionary policies to cultivate domestic growth.

The primary tools that China is utilizing in its neo-mercantilist strategy is the export of goods, capital, and labor, while ensuring strong domestic protectionist policies that combined with keeping an artificially low exchange rate is able to boost competitiveness and increase exports of goods (Nye, Jr., 2011: 180). Moreover, the underlying reason for keeping an artificially low exchange rate is “(...) *that it makes your country's exports cheaper on the foreign markets. As a result, your industries have a competitive advantage. This advantage then is translated into domestic jobs*” (Cwik, 2011: 10). The continuous devaluation of money would inevitably lead to inflation, which is why one of the solutions used by e.g. China towards the US, is using their foreign reserves to buy US government bonds (Cwik, 2011: 9-10).

Theoretical differences

It is important to highlight some of the theoretical differences and critiques that exists within international relations theories and thus this section will discuss three concepts; national interest, power, and trade as a zero-sum game from a liberalist and critical theory to broaden the research perspective of this thesis and provide an overview of how concepts differs in usage and understanding depending on the theoretical framework they are based upon.

Across the liberalist spectrum there are equivocal understandings of the concept of national interest and its importance for international relations. This thesis argues that the national interest is definitely considered relevant to international relations, but according to liberalism and in opposition to realism, power is not considered the primary motivation behind the concept of national interest. Liberalists consider military capabilities vital, but also emphasize the importance of a number of variables related to the globalized world such as political, financial, environmental, and technological issues (Baylis, Smith, & Owens, 2014: 5). Moreover, a scholar like Joseph S. Nye adds additional variables into the mix that further complicates the international system. Nye argues that a number of things happens outside the control of states today that challenges the state as the principal actor in the international system such as the information revolution or Third Industrial Revolution which refers to the rapid technological advances in communication, computers, and software that in turn has decreased the cost of producing and communicating information freely online. Additionally, states experience power transitions away from them towards Multinational Corporations, Non-Governmental Organizations, and global terrorism and thus states are not the only important actors in the international system according to Nye (Nye, Jr., 2011: 114-115). Furthermore, liberalists do not recognize the existence of a national interest to the same degree as realists do, but instead view the state as a set of bureaucracies, each pursuing their own interests, which collectively represents the national interest and thus the underlying decision-making process of the state (Baylis, Smith, & Owens, 2014: 5).

Liberalism and especially liberal institutionalism stresses the role of institutions in shaping the behavior of states in the international system. When examining a state's engagement in and membership to international institutions it would seem that there is a shift from the national interest to the collective interest of the members of that given institution and thus “(...) *the international*

structure shapes domestic institutions and states' preference: states and structure interact" (Powell, 1994: 323). In this regard, the national interest becomes an extension of the preferences of the institutions that the state interacts with, but only within the limits of acceptance for the state, as the state remains the principal actor in the international system (Roach, 2013: 174). Institutionalists argue that cooperation is vital in overcoming economic, political, and military challenges instead of using power and thus institutions provide a forum for settling disputes, create agreements, and create commonalities between states. This argument is echoed in Robert Keohane's book *International Institutions and State Power* from 1989, which accepted Kenneth Waltz's emphasis on system-level theory and the assumption that states pursue their own self-interests as rational actors. However, by employing game theory Keohane showed that states could improve and maintain their self-interests through economic cooperation and involvement in international institutions, thereby, deepening the interdependence between states would evidently improve a state's survivability by limiting the potential for conflict with neighboring countries.

Critical theory, perhaps best coined by the Frankfurt School, has its roots in the Marxist school of thought. Being a normative approach, critical theorists are interested in changing the way in which the international system is organized rather than simply explaining how the system functions (Roach, 2013: 174). Furthermore, critical theory can be defined as "*(...) attempts to challenge the prevailing order by seeking out, analyzing, and, where possible, assisting social processes that can potentially lead to emancipatory change*" (Hobden & Jones, 2014: 148). Critical theory is by definition critical and thus when applying this school of thought to the question of the relevance of the national interest it seems like a natural point of departure to examine whether national interest even exists. The short answer to the question is yes, national interest does exist but critical theorists would likely argue that national interest is not the expression of the common interest of an entire

nation but rather the interest of the select few in power in a given state (Hobden & Jones, 2014: 148). Critical theory holds the so-called emancipatory struggle central to its theoretical foundation arguing that through emancipation human beings will be freer and bring about a fairer and just international order. With this in mind, critical theorists argue that a state's pursuit of national interest suppresses or at least overlooks the individual citizen's interest and thus limits the citizen's will (Hoffman, 1987: 236). Critical theory argues that interest is shaped not just by power but especially by interactions, *"(...) States, in other words, were not merely units or objective entities: they were also subjective agents whose political and social interests were shaped by their interaction with other agents and changing social and historical circumstances"* (Roach, 2013: 174). Emphasizing the importance of the emancipatory project of citizens, critical theory argues that a state's pursuit of national interest is counter-productive to emancipation and that the focus should shift to a humanistic emphasis on human values and freedom (Roach, 2013: 175).

The critique of mercantilism/neo-mercantilism derives primarily from the assumption that trade should be looked at as essentially a zero-sum game, which is highly contested in academia because of the literature concerned with economic theory refutes this notion. Adam Smith and David Ricardo were both opponents of protectionist policies for national economies to some extent and with the introduction of comparative advantage, Ricardo provided a critique and solution to the notion that trade was a zero-sum game. Ricardo argued that trade is not a zero-sum game, but rather an opportunity where both sides can benefit by focusing on their comparative advantage. Moreover, as the main proponent of mercantilism is protecting the domestic industry, it could be argued that by closing an economy, resources will be spent duplicating products that could more effectively be bought from abroad and that there will be less development of exports which offer a comparative advantage (Tame, 1979: 766). Furthermore, high levels of protectionism also deny domestic

consumers the opportunity to buy at cheaper market prices because of the quotas or tariffs imposed on imports. It should therefore be noted that this thesis is selecting a somewhat radical approach in explaining China's strategies when it comes to trade. However, it is also important to reiterate that neo-mercantilism is not only concerned with the traditional idea of trade focusing on an export oriented strategy, but rather a wide variety of strategies concerned with credit, labor, ideas, agreements, currency, and frameworks that strengthens the state against other states in the international system.

Historical Overview

From Westphalia to Versailles

The peace of Westphalia was the first attempt at institutionalizing an international order by creating common rules for everyone. The Westphalian order was recognized as legitimate because it was capable of encompassing any state as long as it would accept the basic requirements such as state sovereignty, territorial control and diplomatic exchanges (Kissinger, 2015: 26-27). However, conflict and turmoil soon reemerged in Europe but instead of previous attempts of total conquest balance of power became the main aim for states. For almost two hundred years different states in Europe balanced each other to ensure equilibrium and stability instead of all-out wars. Moreover, it is also important to note that the book *Leviathan* by Thomas Hobbes was published in 1651, three years after the peace of Westphalia. An important aspect of *Leviathan* is the writing regarding ‘the sovereign’ and the states monopoly on power, which emphasized the notion that only a strong state could ensure its own survival due to the inherent lack of central authority in the system. Therefore, the state had to monopolize power and create armies otherwise; the state might be destroyed due to the potential of war of all against all. *Leviathan* perpetuated realist logic before it had been firmly established in a theoretical framework and greatly impacted how states thought about sovereignty and power at the time. Moreover, as no state is likely to achieve global hegemony due to the difficulty of projecting power across vast oceans and continents “(...) *the world is condemned to perpetual great-power competition*” (Mearsheimer, 2014: 2). As such, offensive action and confrontation is ingrained in the competition between states. It does not matter whether states are democratic or autocratic because security is the primary concern for any state and thus the pursuit of power is the best way to guarantee survival.

In 1661 Louis XIV took full control of the French crown and quickly amassed enormous power by creating a skilled bureaucracy, military capabilities beyond any neighboring state and a unified kingdom ready to dominate Europe. As Mearsheimer argues “(...) *only a misguided state would pass up an opportunity to be the hegemon in the system because it thought it already had sufficient power to survive*” (Mearsheimer, 2014: 35). The France military campaigns were successful but with every new victory an opposition of states started to materialize to balance France including the United Kingdom (UK) that for a long time had used a strategy of buck-passing to stay out of the internal power struggles on the European continent. In 1689 France was counterbalanced by a unified front spearheaded by the UK, Holland, and Austria called the Grand Alliance (Kissinger, 2015: 34). The alliance was created out of necessity rather than anything else because if France continued to succeed in its war efforts it would have tipped the balance of power in Europe and could potentially have turned France into a regional hegemon. Louis XIV wanted “(...) *hegemony in the name of the glory of France. He was defeated by a Europe that sought its order in diversity*” (Kissinger, 2015: 35). Skirmishes continued throughout the 17th and the first half of the 18th century with France as the main perpetrator, but ultimately they did not threaten the availability of the Westphalia order. It was not until the France Revolution in the summer of 1789 that the European balance of power was challenged once again.

The France Revolution abolished the French monarchy, which had been an important enforcer of the Westphalian order and between 1793 and 1804 France successfully launched multiple military campaigns to increase its territorial control of Western Europe. France did however not threaten any of the great powers of Europe at the time, which meant that the UK, Austria, Prussia, and Russia all utilized a buck-passing strategy without anyone ‘catching the buck’ and thus large parts of Belgium and Italy was lost to France. By 1809 Napoleon had demolished the military force of Western and

Central Europe and was attempting once again to create a unified Europe under France rule. However, the UK, Russia, and Spain remained obstacles in Napoleon's grand plan and in 1812 his military efforts in Russia failed because of overreach and finally in Leipzig in 1813 Europe once again united to contain an aggressor that disrupted the balance of power. Realists argue that states *"(...) operating in a self-help world almost always act according to their own self-interest and do no subordinate their interests to the interests of other states, or to the interests of the so-called international community"* (Mearsheimer, 2014: 33). However, both Louis XIV in 1689 and Napoleon in 1813 faced a unified Europe ready for military combat because it was in each states interest to band together to form an alliance to protect their sovereignty. Buck-passing had for a long time proved costly and unable to contain the France aggression. Moreover, these alliances were not permanent but were established on the basis of an alignment of interests among multiple states, which ultimately would strengthen their own position in the anarchic system if equilibrium were reestablished in Europe.

The Congress of Vienna in 1815 created a foundation for the Quadruple Alliance consisting of the UK, Austria, Prussia, and Russia to exist after the defeat of France. The Quadruple Alliance was

Relative Share of European Wealth, 1816–1940															
	1816	1820	1830	1840	1850	1860	1870	1880	1890	1900	1910	1913	1920	1930	1940
United Kingdom	43%	48%	53%	64%	70%	68%	64%	59%	50%	37%	30%	28%	44%	27%	24%
Prussia/Germany	8%	7%	5%	5%	4%	10%	16%	20%	25%	34%	39%	40%	38%	33%	36%
France	21%	18%	21%	16%	12%	14%	13%	13%	13%	11%	12%	12%	13%	22%	9%
Russia/Soviet Union	19%	18%	15%	9%	7%	4%	2%	3%	5%	10%	10%	11%	2%	14%	28%
Austria-Hungary	9%	9%	7%	6%	7%	4%	5%	4%	6%	7%	8%	8%	—	—	—
Italy	—	—	—	—	—	—	0%	1%	1%	1%	2%	2%	3%	5%	4%

Figure 1 'Relative Share of European Wealth, 1816-1940' (Mearsheimer, 2014: 73)

established as a permanent structure to uphold the balance of power in Europe. Moreover, Russia at the time was the strongest military power of the alliance, which was demonstrated when 160,000 troops marched the plains outside the French capital and ended the Napoleonic Wars (Kissinger, 2015: 58-59). Russia had the biggest military power at the time, but both the UK and France were wealthier and thus had more latent power that they convert into military power as shown in Figure XX (Mearsheimer, 2014: 71). Additionally, the population of France almost *"(...) outnumbered the British by about 1.5:1 and the Prussians by almost 3:1"* (Mearsheimer, 2014: 281). Moreover, one of the main reasons that the UK did not transform its wealth into military power during this period was because it acted as an offshore balancer where it provided large subsidies to Austria, Prussia, and Russia to sustain its war efforts and because it was protected by the English Channel. As Kissinger argues *"(...) The vitality of an international order is reflected in the balance it strikes between legitimacy and power and the relative emphasis given to each. Neither aspect is intended to arrest change; rather, in combination they seek to ensure that it occurs as a matter of evolution, not a raw contest of wills"* (Kissinger, 2015: 67). The Congress of Vienna established the right balance between legitimacy and power through the permanent establishment of the Quadruple Alliance, which for a long period of time ensured stability and peace in Europe. The UK emerged as the principal naval and imperial power, but it did not become a global hegemon or regional hegemon instead it reached its highest relative share of European power by 1850 and from thereon declined slowly. Moreover, four events during the 19th century undermined the equilibrium that was reaffirmed after the congress of Vienna the rise of nationalism, the revolutions of 1848, the Crimean War, and the unification of Germany in 1871. The UK was unable to prevent these events from happening. The unification of Germany undermined the balance of power in Europe because Germany could easily defeat any single state and potentially defeat any alliance ready to oppose its dominance. As is evident by Figure 1 'Relative Share of European Wealth, 1816-1940'

(Mearsheimer, 2014: 73), a unified Germany grew into an economic powerhouse and by 1913 it had amassed 40 percent of the relative share of European wealth. The ability of the Quadruple Alliance to balance any aggressor became increasingly difficult and thus the balance between legitimacy and power that was created after the Congress of Vienna was dismantled (Kissinger, 2015: 77). When the war broke out in 1914 Germany was able to station 1.71 million soldiers against the 1.07 million soldiers from France. This discrepancy continued throughout the war because Germany had much bigger military power at the beginning of the war and more latent power to sustain and mobilize soldiers throughout the war. Figure 2 ‘Manpower in European Armies, 1900-1918 (World War I)’ (Mearsheimer, 2014: 303) show that Germany and Russia mobilized the largest armies during

	1900		1905		1910		1914		1914-18
	Standing army	War potential	Standing army	War potential	Standing army	War potential	Standing army	War potential	Total mobilized
Austria-Hungary	361,693	1,872,178	386,870	2,580,000	397,132	2,750,000	415,000	1,250,000	8,000,000
United Kingdom	231,851	677,314	287,240	742,568	255,438	742,036	247,432	110,000	6,211,427
France	598,765	2,500,000	580,420	2,500,000	612,424	3,172,000	736,000	1,071,000	8,660,000
Germany	600,516	3,000,000	609,758	3,000,000	622,483	3,260,000	880,000	1,710,000	13,250,000
Russia	1,100,000	4,600,000	1,100,000	4,600,000	1,200,000	4,000,000	1,320,000	1,800,000	13,700,000
Italy	263,684	1,063,635	264,516	1,064,467	238,617	600,000	256,000	875,000	5,615,000

Figure 2 ‘Manpower in European Armies, 1900-1918 (World War I)’ (Mearsheimer, 2014: 303)

World War I (WWI), but it does not show that Germany by far had the best-equipped military and a much better economy to sustain its war efforts. While France and Britain had smaller armies than Russia, they were still considered far superior because of the Russo-Japanese War that crippled the Russian military, which profoundly affected its military capabilities. Moreover, as so many times before the UK started with a buck-passing strategy to contain Germany by forcing France and Russia to take action because they were safeguarded from Germany by the English Channel, but

when the situation turned for the worse the UK accepted a continental commitment and started to pressure Germany by transporting its army to France in 1914.

The Treaty of Versailles in 1919 came after the conclusion of WWI where the majority of European powers were either destroyed or split into multiple smaller states. The balance between power and legitimacy had for a long time been erased by pure power considerations and thus the centrality of the European notion of equilibrium rather than conquest had ended.

The Liberal International Order

The liberal international order is tangible in the sense that it encompasses multiple domains of engagements and various institutions, norms, rules, and agreements that together stipulate the structure of the system. The US maintains a dominant position in this system and still enjoys the exclusivity of being the only regional hegemon in the world, but it does not have unlimited control. Order must strike a balance between power and legitimacy and the US has since the end of WWII faced multiple engagements that relied more on power than legitimacy and thus the liberal order might be challenged not purely by China's rise, but also because of the behavior of the US throughout the 20th and 21st century. The most recent examples would be the withdrawal of the Paris Agreement and the Trans Pacific Partnership by the US thereby dismantling aspects of the liberal international order is has spearheaded since WWII.

Since the Monroe Doctrine in 1823, which declared the entire western hemisphere off-limits for foreign colonization the US has acted as a regional hegemon. However, the US did not achieve great power status before 1898 when it won the Spanish-American War, which increased US territorial control considerably and greatly enhanced its power capabilities. By 1900, the US had the largest relative share of world wealth by 38 percent compared to the UK's 23 percent and almost two times the population (Mearsheimer, 2014: 248). The US adopted a buck-passing strategy in regards to WWI with a belief in the UK, France, and Russia, 'the Triple Entente', to handle its own affairs in Europe and contain the German aggression. However, as the war continued and it was clear that the Triple Entente was unable to restore the balance of power in Europe the US stepped in to defeat Germany because it had the potential to become a European hegemon. It was a strategic decision to aid the other European powers based on power calculations of the US to remain the only regional hegemon in the world. The interwar period between the Treaty of Versailles and the beginning of

WWII is considered a period of American isolationism, a period in which US policymakers focused on national objectives and rarely engaged in international conflicts. However, by 1940 and after Germany had defeated France and sent the British army back to the mainland after the battle of Dunkirk, US policymakers changed strategy and instead of another attempt at buck-passing, the US dramatically increased its military buildup. On June 30 1940, *"(...) the size of the American army was 267,767; one year later, roughly five months before Pearl Harbor, the strength of the army had grown to 1,460,998"* (Mearsheimer, 2014: 255). The US had the latent power capabilities to create a massive military machine within a short period of time because it was technologically advanced, had the largest share of world wealth, and a massive population to create a strong military force.

After WWII the US emerged as the most powerful state in the system. In terms of wealth, the US produced half of the world's goods, was the biggest exporter, and had amassed an enormous amount of gold that enabled it to capitalize on this through the Bretton Woods system by making the US\$ central to world trade. This meant that the dollar became a de facto world currency after the war. Moreover, the gold reserves of the US were equivalent to two-thirds of the world's gross at the time, which greatly affected the US's ability to influence the economic order by placing the US at the center in terms of actual economic power, but also influence in terms of policy and international decision-making (Engel, 2010: 20). Furthermore, New York became the new financial center of the world a position that London had occupied prior to the war, which demonstrated the clear power transition from the old world to the new. In order to maintain superiority, the US adopted three global strategies that could translate its wealth into more power. First, the construction of a global capitalist economic system that could pave the way for American exports. Second, the creation of a global and regional collective security framework structured around US hegemony. Third,

strengthening of international trade regimes to sustain and improve the US economy by creating favorable trade arrangements globally.

The US engaged and structured multiple domains of order, political, economic, strategic, security, and ideological to secure its wealth and power after the war. Additionally, the US was in a unique position to influence how Europe and Asia would be rebuilt and how the international system was to be governed. An example of this is the European Recovery Program (ERP), or broadly known as the Marshall Plan, which provided loans and grants to European countries after the war. The US provided similar aid to Asian countries, but those funds did not come from the ERP. The ERP was signed into law in 1948 and its main objective was to reinvigorate the European economy by providing economic stimulus and liberalize markets. In exchange for loans and grants, the ERP stipulated certain conditions such as improving market access for American manufactured goods, lifting trade restrictions, reducing tariffs, modernization of industry methods (accounting, business, and finance) to increase productivity, and lessening of regulations and government interference. One reason for these provisions were the market saturation occurring domestically in the US, which created a situation in which American companies needed to find other markets to sell their goods and services in order to keep growing. Therefore, the ERP would not only be beneficial to the region in terms of increased stability and prosperity but also align well with the national interest of the US in terms of achieving aspects of its global strategies. In addition to this, one could draw similarities between aspects of the Marshall Plan and the OBOR initiative in the sense that both plans tries to influence and shape multiple domains of order because of their own national interests. This is not to say, that the US or China does not care about the wellbeing of other states but that the ultimate objective of any is state is their own survival, which is best secured by gaining wealth and power relative to others.

The foundation for the post-war international order was mainly deliberated by the US, Britain, and the USSR, which was a representation of the balance of power at the time. The US was unrivaled in terms of wealth and power but the USSR still posed as a military threat because of its immense land-based capabilities in Europe. Therefore, the order that was created after WWII was only global in scope and not in policy direction. It was an example of power politics in which the most dominant actors in the system dictate how the system is to be structured, whereas states like China at the time “(...) was a player of combination: dependent bargainer, dissymmetric cooperator and sometimes an object for major powers’ bargaining and manipulation” (Ming, 2015: 167). On the one hand, China received a position as a Permanent Member of the UN Security Council after WWII, which provided avenues to influence the political and strategic order to some extent. On the other hand, China was left out of almost all the important negotiations on how the post-war international system was to be structured, which meant that China’s ability to influence and shape other aspects of order after WWII was greatly limited regardless of how much it had contributed to the war efforts in East Asia. In terms of institutional structure, the World Bank and the IMF became important pillars of the international order because they could sustain and enforce liberal policies that aligned with the national interest of the US either directly through policy goals or through development initiatives (Boyle, 2016: 37).

Today’s world is moving towards multipolarity, which will create multiple adversaries fighting for relative gains, which will increase risk and the potential for miscalculation in the international system. The US, however, will still remain the strongest economic and military power for the foreseeable future, perhaps even century, but China is closing the gap economically and will potentially also be able to close the gap militarily in some distant future. As noted by Mearsheimer’

“(...) a China that is much more powerful than any of its neighbors will be in a good position to use military threats to force the other side to accept a deal largely on China’s terms. [Moreover,] a rising China will have strategic interests outside of Asia, just as the United States has important interests beyond the Western Hemisphere” (Mearsheimer, 2014: 377). The rise of China will not only create a new Asian security situation but also influence the world globally by China’s enhanced economic, political, and military capabilities. Therefore, a constellation with multiple great powers fighting to ensure survival in the 21st century will create a security dilemma that must be dealt with adequately by multiple partners. Moreover, to qualify as a *“(...) great power, a state must have sufficient military assets to put up a serious fight in an all-out conventional war against the most powerful state in the world [and] must have a nuclear deterrent that can survive a nuclear strike against it, as well as formidable conventional forces”* (Mearsheimer, 2014: 5). Today five states are considered nuclear-weapon states, which include the US, Russia, the UK, France, and China. However, another five entities should be included such as India, Pakistan, North Korea, Israel, and NATO command in Germany, Belgium, Italy, Netherlands, and Turkey. Offensive realism considers the use of force an acceptable instrument of statecraft because of the anarchic nature of the system and not because of an inherent need for domination like classical realists. States pursue power capabilities to ensure their survival and in this regard nuclear weapons provide a strong deterrent (Mearsheimer, 2014: 129).

In many ways, the liberal international order is a construct of the enormous imbalance of power that existed after WWII. Orders do not exist indefinitely rather they change because of conflict or the inability to uphold its primary structures. The most important question of the 21st century is whether or not the US is willing to sustain and uphold the order that it created and which depends entirely on American power or we see another major rearrangement of power that has only happened after the

Napoleonic Wars, WWI, and WWII. An argument echoed by Robert Kagan, senior fellow at Brookings is that, “(...) *we will reach the moment at which the existing order collapses and the world descends into a phase of brutal anarchy, as it has three times in the past two centuries*” (Kagan, 2017, p. 1). It is a rather pessimistic outlook, but to dismiss the probability of war seems to be a total ignorance of the history of great power conflicts. However, it is also important to note that China does not reject the liberal international order, it actively embraces aspects of it, but it does so in order to reinforce and shape elements that advance its own interests. In other words, China rejects some domains and arrangements of order, accepts others, and seeks to reintroduce or rewrite some (Kagan, 2017: 3). China does so because it has been rising and expanding its influence for some time now. Its share of power and wealth has increased considerably since 1978 when it started to open up, and even more so since 2001, when China entered the WTO and now is the largest beneficiary of globalization. The next section will go into depth with what China’s rise means and how China has managed to translate its increased wealth into power.

The Rise of China

The rise of China is a misnomer in the sense that China is reemerging to former glory rather than ascending to new heights. The Qing dynasty was more populous than the British Empire, French Republic, Russian Empire, and the Ottoman Empire put together. With a population totaling more than 328 million people and an enormous economy producing over a quarter of world output China reigned supreme in Asia. Moreover, before the intake of European powers in the mid 19th century China acted as a regional hegemon through a hierarchical order based on economic and cultural superiority. However, China failed to transform its latent power into military capabilities to counter the British aggression starting in 1839 and continuing until the collapse of the Qing Dynasty in 1911 (Miller, 2017: 5).

GDP and Trade

China has experienced tremendous economic growth since the opening up in 1978 and averaged double-digit GDP growth up until 2011 with the exception of 1989-1990 (The World Bank, 2017). China's GDP growth target for 2017 is set at around 6.5 percent and its current GDP in current US\$ stand is at around 11.06 trillion US\$. In comparison, the US economy boasts a GDP of 18.04 trillion US\$ as shown by Figure 3 'GDP (current US\$) / United States & China' (The World Bank, 2017). However, in terms of purchasing power parity (PPP) China has already surpassed the US by 1.78 trillion US\$ as shown in Figure 4 'GDP, PPP (current international \$) / China & United States' (The World Bank, 2017). This trend is likely to continue and according to a report titled 'How will the global economic order change by 2050' by PwC China's GDP in PPP terms will reach 58.5 trillion US\$ compared to the 34.1 trillion US\$ by the US (PwC, Hawksworth, Audino, & Clarry, 2017). However, it is important to point out that GDP per capita still remains an area where China will lack behind the United States by 2050. According to the PwC report the US will lead with

87.700 US\$ against 43.400 US\$ by China, thereby, cementing a lead by more than double of that of China, but still far less than the current lead of almost four times the GDP per capita of 15.400 US\$ in China against 57.300 US\$ in the US in 2016 (PwC, Hawksworth, Audino, & Clarry, 2017). One of the reasons why China's GDP per capita still remains half of that of the US in 2050 is the vast underdeveloped countryside and demographic challenges that will severely affect this development, therefore, China might greatly surpass the US in terms of PPP but the composition of the two economies will differ in terms of composition (Nye, Jr., 2011: 180). Moreover, China's largest export destinations are the US (18 percent), Hong Kong (14.6 percent), Japan (6 percent), and South Korea (4.5 percent). Imports differs slightly, South Korea (10.9 percent), US (9 percent), Japan (8.9 percent), Germany (5.5 percent), and Australia (4.1 percent) (CIA, 2015).



Figure 3 ‘GDP (current US\$) / United States & China’ (The World Bank, 2017)



Figure 4 ‘GDP, PPP (current international \$) / China & United States’ (The World Bank, 2017)

China’s economy is larger than the other economies of East and Southeast Asia combined and China’s two policy banks; China Development Bank and the Export-Import Bank of China provide the largest amount of lending in Asia even exceeding the combined efforts of the World Bank and the ADB (Miller, 2017: 11-12). As China’s economic leverage increases through bilateral and multilateral frameworks coupled with the OBOR initiative it seems relevant to discuss how China can turn economic prosperity into geopolitical leverage and military power.

Military and Technology

From 1998 to 2010 China's military budget increased by double digits annually, but by 2016 that number had decreased to 7.6 percent and an overall budget of 138 billion US\$. Moreover, the 2017 military budget will increase by 7 percent and reach around 150 billion US\$ (Yan & Xinhua, 2017). In comparison the US spend 582.7 billion in 2016, which is almost 4 times as much as China's proposed budget for 2017 (DoD, 2016). Present day China is by no means a military threat to the US due to the immense military gap in terms of technology, experience, and spending. The technology gap stems primarily from the fact that the US and EU placed an arms embargo on China after the Tiananmen Square incident in 1989, which greatly impacted the military technology transfer from West to East. Therefore, China's only source of sophisticated military expertise and technology has been Russia, which has forced China to develop a lot of its military technology from the ground up (Jacques, 2009: 473). Currently, China's military technology is far from equal to its American counterparts, which is very clear in terms of its ability to project power. Furthermore, in contrast to China, the US has the ability to execute high-level military actions (Nye, Jr., 2011: 222). In other words, China will not have the military power capabilities for the foreseeable future to rival that of the US but if China continues its economic growth while improving its military efforts it might be able to force the US out of Asia at some point. This will not only be the best way for China to improve its relative power and influence but also greatly enhance its potential for becoming a regional hegemon ones again.

Analysis

South China Sea

The South China Sea is a highly contested area where China claims territorial sovereignty of almost 85 percent of the area (Miller, 2017: 206). Figure 5 ‘South China Sea – China’s island claims’ (Norwich) shows China’s ‘Nine-Dash Line’ where China is exercising territorial control. This thesis will not discuss the legality of China’s actions in regard to the United Nations Convention on the Law of the Sea (UNCLOS). Rather this section will try to analyze why China’s actions can be



Figure 5 ‘South China Sea – China’s island claims’ (Norwich)

explained by realist logic.

China's actions seem logical if we assume that China is aspiring to become a regional hegemon in Asia at some point in the future. The reason for this is three things; trade and energy security, Taiwan, and a grand plan of pushing the US out of Asia by providing a new economic and security order centered on China's supremacy.

First, since 2014, China's behavior in the SCS has been dubbed expansionistic by neighboring countries and observers. Furthermore, despite saying that it will not militarize the area it has done just that. One reason for militarizing the area could be the presumed oil and gas in the underground, however, by current estimates that number is in comparison to different sites insignificant. However, what matters is trade and thus "(...) *The South China Sea is far more important as a shipping route for oil than the oil that lies beneath it*" (Miller, 2017: 210). The strategic importance of the SCS cannot be disputed, a third of global maritime exports, 80 percent of China's oil imports, and almost all of China's exports goes through the area and as such its really important for China's current and future economic growth to have control over the area to safeguard its national interest (Miller, 2017: 210). Moreover, as the biggest economy in the world it is vital for the US that no one dictates the rights of passage or the ability to control waters that can affect American national interest.

Second, by controlling the SCS China would have an opportunity to pressure Taiwan by establishing a blockade, easier access for China's reunification, or just have the ability to deny the maritime trade routes if separatist forces become more prevalent than they are today. Thereby cementing the One-China policy not only politically, but also militarily and strategically. (Miller, 2017: 216).

Third, pushing the US out of the SCS might be the end goal for China, but in order to realize this objective a lot of things need to happen – both in terms of providing a reliable security order in the

instance of a US vacuum and the necessary military power to crush aggression by other states. Mearsheimer argues that China will invoke its own version of the Monroe Doctrine in the SCS to push US influence out of the area (Mearsheimer, 2014: 371). At present, The US does not allow any foreign military vessels into the Western Hemisphere as it poses a threat to its national interest and the same logic could be applied to the SCS by China (Mearsheimer, 2014: 374). However, China does not have the military power to push the US out of the SCS because of the overwhelming force that exists in the Asia-Pacific region at the moment “(...) *The US has 365,000 active servicemen in the Asia-Pacific, a powerful regional security alliance, and by far the world’s most powerful military*” (Miller, 2017: 218). In other words, China must create a reason for other states to side with Beijing in order to push the US out of the region, as military conflict would be fatal to China.

The book, *Regional Disorder: The South China Sea Disputes* asserts that China’s increased military presence has changed the notion of freedom of navigation in the SCS from ‘Everybody’s sea’ towards trying to create a ‘Somebody’s sea’ – wherein China acts as a regional hegemon. If conflicts and confrontations escalate however, the book argues that it will become a ‘Sea of conflict’ where no one is in control; not China, not the US, just chaos (Burgess, 2016: 113). The Trans Pacific Partnership (TPP) was an attempt by the US to increase its economic influence in the region and thereby, decrease the efforts from Beijing in winning allies in the SCS area. However, with the decision to not sign the agreement US efforts starting in 2010 with an increased emphasis on giving aid, trade, and investment opportunities seems somewhat mismanaged. Moreover, according to the US Department of Defense “(...) *China has constructed more than 3,000 acres of artificial islands in the South China Sea since 2014*” (Miller, 2017: 201). China is building port facilities, radar installations, and airstrips large enough for large transport aircraft. In this regard, China is basically expanding its area of control and thus its sovereignty. In addition to this, Burgess

argues, “(...) *the massive increase in outpost construction represents a major escalation of China’s behavior and evidence that China is behaving more in line with the offensive realist argument*” (Burgess, 2016: 119).

China’s increased reach and projection of power in the SCS and its associated islands, Paracel Islands, Scarborough Shoal, and the Spratly Islands have created a situation where countries might want to balance against China with the US, but because of China’s close proximity to them they might not dare circumvent China’s economic pull. The US is strengthening mutual defense with Japan and South Korea, but also the Philippines. However, the Philippines seem to have changed position once again and are now in support of China’s actions (Burgess, 2016: 125). Furthermore, the three most important states in the SCS besides China and the US are the Philippines, Malaysia, and Vietnam. However without the TPP and an uncertain US foreign policy towards the SCS the situation is more uncertain then it has been for quite some time. The Philippines, Malaysia, or Vietnam cannot stand up to China on their own, which is evident by the way their armies are structured. They are all focused on fighting domestic insurgents and not external threats (Burgess, 2016: 129). Moreover, in comparison, the combined military defense budget of the Philippines, Malaysia, and Vietnam would still be five times less then China’s at best and as such, without US involvement in the SCS China has the capabilities to project power as it pleases. Furthermore, if current economic growth continues then by the 2030s, China could be more potent in military terms then the US in Asia and thus assert its will militarily if need be (Burgess, 2016: 134). If the US does not change its approach to containing China’s rise in the SCS then it might lose neighboring countries that currently sides with the US simply because of a weakened position in controlled the economic and security order of the region. Therefore, countries might start bandwagoning with China instead simply because China can offer better and stronger economic ties and a more potent military threat, at least in Asia, to safeguard their security (Burgess, 2016: 135).

One Belt One Road

One Belt One Road refers to China's newest initiative, which is a development strategy and framework that focuses on infrastructure development, production and economic integration among countries between China and the rest of Eurasia. It consists of two main components, the land-based Silk Road Economic Belt (SREB) and the oceangoing Maritime Silk Road (MSR). This initiative is financed by two primary funds – the Silk Road Fund and the AIIB. Moreover, the OBOR is linked to multilateral institutions where China is in control and where the US is not involved or has minimal engagement. These institutions include the SCO, AIIB, and the Association of Southeast Asian Nations (ASEAN). This thesis makes the argument that the OBOR has two primary objectives. First, build and increase connectivity and economic development along the SREB and MSR, which in turn will increase China's latent power capabilities and secure strategic ends. Second, trade economic incentives to its neighbors in return for diminished security measures and presence of the US, which ultimately could pave the way for China in becoming a regional hegemon (Miller, 2017: 29). The most paramount objective of China is to safeguard national security and the best way to do that is to create a network of economic dependent states along the OBOR, which will benefit China's domestic industries and the overcapacity issues that persists (Miller, 2017: 32). Moreover, it will provide China with the opportunity to challenge the economic order globally and potentially draw companies and countries closer to China's sphere of influence by providing an alternative to TPP (Perlez & Huang: 2017).

Realists maintain that institutions are a reflection of the distribution of power in the world and thus represent the self-interests of great powers and thus have no independent effect on state behavior. OBOR is not an institution or a Free Trade Agreement (FTA) it is rather an initiative where multiple parties are invited to join together to form and establish joint infrastructure projects.

However, the blueprint and thus the overarching structure of the SREB and MSR have been drawn by China and represent their geopolitical interests.

Using Figure 6 ‘One Belt One Road – Global Infrastructure Network’ (Rudolf) this thesis provides an analysis of how China will achieve the two objectives:

MERICS China Mapping

One Belt, One Road: With the Silk Road Initiative, China Aims to Build a Global Infrastructure Network

Projects completed and planned: December 2015

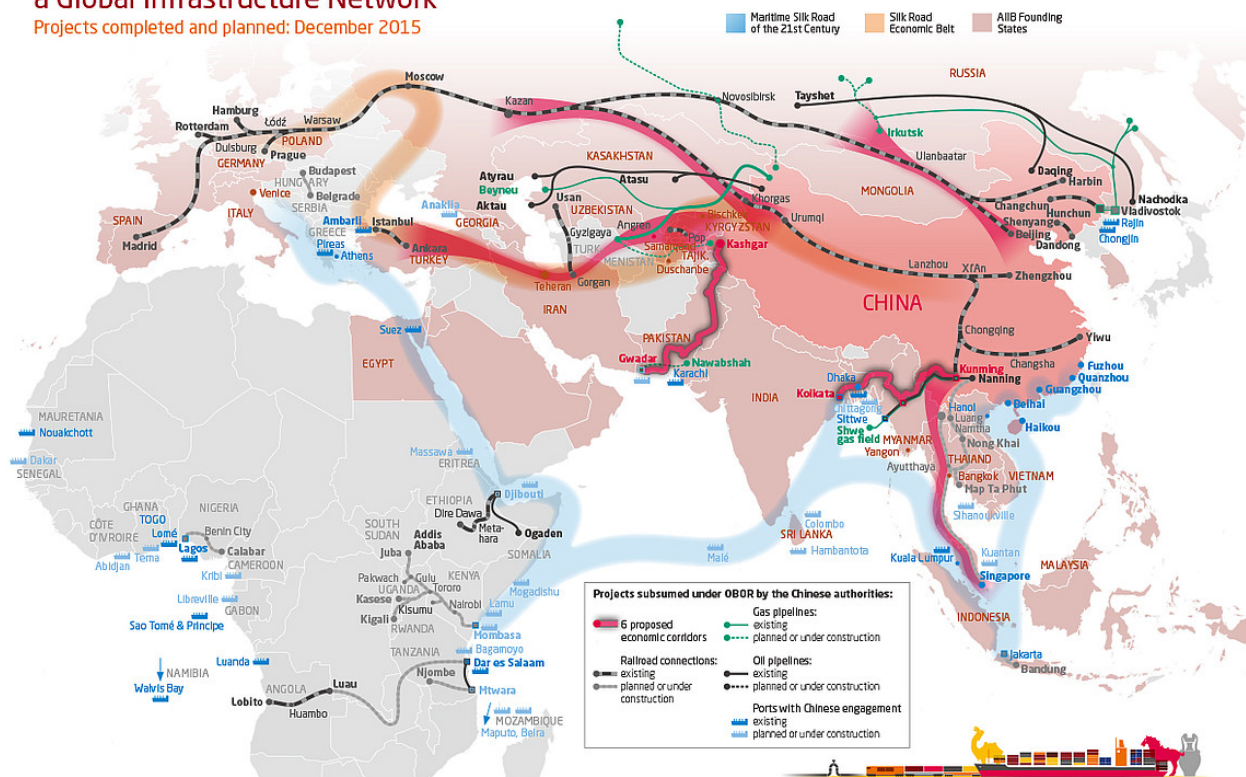


Figure 6 ‘One Belt One Road – Global Infrastructure Network’ (Rudolf)

First, China is proposing six economic corridors starting in different places in China and going all the way to Singapore, India, Pakistan, Turkey, Russia, and Mongolia. The development along the economic corridors also involves significant investment in building roads, railways, infrastructure, and oil and gas lines back to China. There is a dual purpose to this, on the one hand it

creates economic stimuli in the region while sustaining China's exports, on the other hand it is vital for China to increase avenues for energy transportation. China is very energy dependent and thus it is vital to secure multiple options for energy trade besides the most significant, which goes through the SCS. Moreover, even though the main destination are the abovementioned ones, the OBOR will have ties with all states that interlink and cross, not to mention the MSR that covers Indonesia, Sri Lanka, a large part of Africa, and goes all the way to Greece in Europe. Connectivity and infrastructure will drive development where China has self-interests and where China can utilize its economic strength in terms of capital and expertise in building large-scale projects. However, the most important strategic aspects are the five ports in Pakistan, Sri Lanka, Djibouti, Tanzania, and Greece. They all have different strategic means and uses, but the most interesting part is how China is building ports all over the world to ensure 'places of refuge' for its citizens, military, and the companies operating abroad. Furthermore, it is a way to circumvent the problem with projecting power across the oceans by placing small enclaves that can be utilized for commercial and military use dependent on the situation. In contrast to how the US leveraged security concerns to states in exchange for bases after WWII, China is leveraging economic opportunities in exchange for access.

The port in Gwadar in Pakistan is one of the core project of OBOR, which accounts for more than 54 billion US\$ in investments to form a land route between Xinjiang and Gwadar. Moreover, the creation of a port city in Sri Lanka's Colombo, which will further increase capabilities and options for China in the area surrounding the port in Colombo (Hancock, 2017: 3). The port of Dar es Salaam is in Tanzania and is the fourth largest port on the African continent, which makes it incredibly vital for China's exports and imports from that area. Moreover, another significant base on the African continent is located in Djibouti close to the Horn of Africa. The new port is another way of power projection across the world's oceans, while also providing commercial and civilian

options for China. The last important port to highlight is located in Piraeus in Greece, it's not so significant at present, but its position is. It has direct routes to major locations in Europe and will not only provide important options for Chinese commercial ships, but also for military vessels if that ever was needed.

Second, as with anything related to either the economic or security domain it's a tit-for-tat, which means that China is giving aid, economic opportunities, and low interest loans to the countries in which it invests. The primary reason for this is that China needs the ability to project power if it wants to become a regional hegemon with the capabilities to intervene and interfere outside of Asia. The only way to achieve that aim is by challenging the international order through economic, strategic, and security domains that combined will have an effect on the distribution of power. However, no one wants to become a Beijing vessel state per se but for some of these countries they do not have that many options (Miller, 2017: 28-29). Some cannot turn to the international financial institutions because of conditionality's, others are restricted from trading with the US due to human rights violations, and the rest might just find China's offer a bit more attractive. Moreover, many observers have argued the OBOR initiative is a modern version of the Marshall Plan in which China is ready to provide capital and expertise to any country that can advance its interests along the SREB and MSR. China's domestic market is saturated in terms of steel, cement, and other materials and like the US after WWII, China is looking outside its borders for markets to explore. However, the short-term goal might be economic growth but the long-term objective is to challenge and rearrange the economic order to better reflect the interest of China instead of that of the US. Therefore, a modern Marshall Plan aimed at Eurasia fueled by debt-based growth might be the best opportunity for China to bring countries closer to its orbit by making relations go beyond economics and also contain a dimension of political and ideological

attachment. An objective that the US managed very effectively with the Marshall Plan after WWII, which made its ability to project power in Europe and Asia a lot easier (Perlez & Huang: 2017).

The Asian Infrastructure and Investment Bank

China's decision to establish the AIIB should be viewed as a way in which China can complement and challenge the economic and political order all at the same time. China is struggling to increase its power within the established international financial system because the US has been unwilling to change the distribution of shares. China's position in the World Bank, IMF, and the Asian Development Bank (ADB) cannot match its ascending economic strength and thus it feels restrained by the economic order rather than unlocked by it (Miller, 2017: 36-37).

The disparity in terms of voting shares in the World Bank and the IMF is striking. The US has since the inception of the Bretton Woods system had a tremendous lead. Currently, the US holds 16.7 percent of the shares of the World Bank, Japan 7.2 percent, and China 4.65 percent. Moreover, the inequality does not only affect China but also India and Brazil are hampered by the inability for the World Bank to rearrange its voting shares to better reflect the current economic climate. Currently, the G7 still represents the largest shares of votes that translate into a policy framework and agenda that is centered about liberal ideas and thoughts that reinforce aspects of the political order that benefits them.

In the ADB, a similar situation is at play. Japan and the US are the two largest shareholders, holding 15.6 percent and 15.5 percent respectively. However, China is currently only holding 6.5 percent, which are mindboggling considering that China is the largest economy in Asia by far and the second largest economy in the world. The disparity occurs not only in the international institutional framework, but also in the regional one, which highlights even more why China's push for the establishment of the AIIB seems logical (The Economist, 2014). US congress has numerous times halted the reform of these institutions and the distribution of shares. Thus, it seems rational that if

you cannot exert influence in the international system through the established institutional framework, one option is to make a complementary framework that better aligns with your interests.

The AIIB is that framework, and China has decided to challenge the US in the political and economic domains of order by establishing an institution that reflects the ideas and thoughts of China through infrastructure investment (Xiao, 2016: 436). The AIIB is a platform in which, China can utilize its foreign reserves to provide loans that inevitably will encourage more regional integration and economic interdependence. Furthermore, Chinese companies will have a competitive edge as the projects supported are centered on infrastructure and the materials needed, which is something China has in abundance and a lot of experience with. From a realist perspective, China's approach is similar to that of the US in the sense that AIIB functions as an extension of China. The AIIB project power and influence through an institutional structure that is very familiar to its shareholders and as such, its reach in terms of investments might be regional but its influence is global. Moreover, institutions are representations of the balance of power in the international system and as such, the AIIB represents China's rise very plainly by challenging the US and Japan directly in a political and economic area that China feels comfortable in and where its national interest is best safeguarded (Xiao, 2016: 435).

The ability of the US to slowdown China's rise has been ineffective if we assess the 'Asia rebalance policy' and the precautionary stance towards the AIIB. It seems evident, that this strategy only fueled China's eagerness to take matters into their own hands. The AIIB is not only an important political and economic instrument but also a geopolitical tool that will work in tandem with the OBOR initiative, which seeks to explore development opportunities all over Eurasia where China has national interests at play. Moreover, one could argue that China is deliberately avoiding a direct

confrontation with the US in the Western Pacific and instead focus on interests elsewhere (Xiao, 2016: 436).

The US has from the initial reveal of the AIIB verbally expressed concerns about the institutional framework, areas of interests, standards, and why China is doing this. It seems logical that the US would try its best to interfere and create doubt about this institution moreover, try to pressure its allies in regards to joining the AIIB. However, as it evident by now these attempts has been unsuccessful. The AIIB just accepted 13 additional members including Canada, Ireland, and Ethiopia in 2017 making total membership 70 countries. As AIIB increases its outreach and “(...) *expand into a global body to rival long-established multilateral leaders [...] the starker the two big absences – of the US and Japan – appear*” (Klynge, 2017: 1-3). One could argue, that the US views the AIIB as a threat in the domain of political, economic, and to some extend ideological order by providing an alternative to a set of systems embedded in the liberal international order, which previously was controlled exclusively by the US (Chow, 2016: 14). China has uttered that it will not seek veto power in the AIIB but as of now China still remains the biggest shareholder by far and if realist logic persists then China will maintain control, as the US has done in the World Bank and the IMF (Xiao, 2016: 439). The AIIB is projecting China’s power in Asia, while also creating a foundation for loans elsewhere in the future because its ambition may not only be regional but also global as infrastructure gaps also exists in Africa where China has national interests to safeguard. However, it is important to highlight that for now that the AIIB’s focus is on Asia where infrastructure projects and development is key in ensuring economic growth and increased economic dependence between China and its neighbors (Xiao, 2016: 435-436). However, even with the AIIB the infrastructure gap in Asia is still massive and therefore China will continue pushing for bilateral projects with neighboring countries outside the realm of the institutional framework. As

noted by an ADB rapport from 2009, “(...) between 2010 and 2020, Asia will need to invest \$8 trillion in national infrastructure and an additional \$290 billion in regional infrastructure projects in transport and energy” (Xiao, 2016: 436). The funding gap was confirmed by the World Bank in 2014 where they added that the current institutional setup remains unable to provide the necessary 1 trillion US\$ in infrastructure loans to developing countries (Xiao, 2016: 436). Thus, the decision to establish the AIIB from an economic standpoint is greatly appreciated because of the lack of capital in Asia meanwhile creating an opportunity for China to challenge the international order by expanding its economic and political reach regionally and globally.

The AIIB is central to the success of the OBOR initiative because they are closely intertwined indirectly by providing loans for infrastructure projects, which has strategic interests for China along the SREB and MSR. Furthermore, the loans and projects that the AIIB will support and the roadmap for OBORs economic corridors might also affect aspects of the strategic and security order by providing opportunities to countries that were excluded from loans previously, which might create unforeseen consequences for countries in close proximity (Heilmann, Rudolf, & Buckhow, 2014: 1). This might negatively affect China’s ability to project power, as potential instability in the countries in close proximity to China will fuel mistrust and increased miscalculations by all stakeholders involved. However, the AIIB in tandem with the OBOR initiative is well placed to help establish the RMB as a viable international reserve currency alongside the dollar by incentivizing trade, loans, diplomatic relations, cultural exchanges, and economic development centered around China in return for increased utilization of the RMB. Thereby, legitimizing China’s actions in regards to challenging the economic order by providing an alternative to the dollar, which has been de facto world currency since WWII (Bob, Harris, Kawai, & Sun, 2015: 14). Moreover, the AIIB is well suited to function as a policy instrument working to advance China’s national

interest because investments, infrastructure projects, bilateral loans, and aid are important for China's continued growth as well as the fact that China always seek cooperation, which suits their interests. In other words, *"(...) according to Beijing, aid must always be 'mutually beneficial'. This can take the form of contracts for Chinese (state-owned) companies. Investments can also serve broader interests"* (Renard, 2015: 2). Thus, China's approach to the workings of the AIIB will to some degree resemble its own engagements with externalities, which means no conditionality for loans in contrast to the World Bank, a non-interference policy resembling that of China, and a streamlined focus on increased wealth and not objectives like poverty alleviation (Chow, 2016: 17).

Following the logic of offensive realism, one might argue that China's establishment of the AIIB is natural and justified because of the inability of the US to acknowledge China's rise and subsequent increased need for power and influence. Scholars seem to highlight this fact in explaining China's reasoning behind establishing the AIIB, *"(...) some former US financial officials and scholars view the US Congress as responsible for pushing China to create its own bank since its share in the World Bank and the IMF are so low"* (Wan, 2016: 62-63). As institutions are representations of the balance of power in the system it seems timely that China engages and challenges aspects of the economic, political, and ideological order spearheaded by the US through the AIIB. China is already challenging the US in Asia in the domain of strategic and security order through the SCO since 2001. However, it is important to note that the wealth disparity is much smaller than that of power, which is why the AIIB is so vital for China moving forward.

Discussion

Why China Challenges the International Order

The liberal international order is a reflection of the balance of power or rather imbalance that existed after WWII. China was not an influential player in the creation of the post-war international system but rather a bargaining chip that the US, Britain, and USSR took advantage of in their deliberations. Moreover, China did not have a lot of leverage at the time and as such its interests were focused mostly on domestic interests and not international affairs. However, at present China has enormous leverage, not only over the US in terms of holding government bonds worth more than 1.05 trillion US\$ (La Monica, 2017), but also because of the withdrawal from TTP by the US that paved the way for China to push for a finalization of the RCEP by the end of 2017, which would expand China's economy by an extra 1.4 percent and *"(...) an additional \$250bn in output – while the US economy would be slightly smaller thanks to the diversion of trade"* (Harding, 2017: 3). Moreover, China is the second largest economy in the world but its ability to influence the international financial system is not representative in terms of shares in the World Bank and IMF and it seems logical that China would create institutions that better reflect their interests in regards to the economic order. In addition to this, China does not reject the liberal international order, it actively embraces aspects of it, but it does so in order to reinforce and shape elements that advance its own interests. Furthermore, China needs to challenge aspects of order if it wants increased influence; WTO did not grant China MES in December of 2016 and SDR in IMF was just 'awarded' in 2015, which strengthens the argument that the US is trying to push against China's pull. In a sense, China is challenging the international order through its actions in the SCS, OBOR, and the AIIB through a clear pattern of actions that disturbs the equilibrium in Asia by attempting to rearrange the different domains of order with China replacing the US at the top. China's rise is

creating a situation within the existing international order that has not been dealt with for a long time, a rising power, potentially a regional hegemon demanding a reconfiguration of the balance of power specifically in Asia, but also internationally. As Kissinger argues, order must strike a balance between power and legitimacy and in that regard the US has not always been successful. Moreover, orders do not exist indefinitely as is evident by European history rather they change or collapse, *“(...) and when they do it is often unexpected, rapid, and violent”* (Kagan, 2017: 1). In addition to this, Nye’s assessment of China’s rise and other global developments of the 21st century is that *“(...) America is not in absolute decline, and it is likely to remain more powerful than any single state in the coming decades, although American economic and cultural preponderance will become less dominant than at the beginning of the century”* (Nye, Jr., 2011: 203-204). To put it differently, Nye acknowledges that China’s rise is challenging the US but he remains optimistic in regards to the gravity of American decline because of the economic and cultural strength of the US at least for the foreseeable decades. However, as has become apparent recently the US is dismantling critical aspects of the liberal international order by withdrawing from agreements that could reinforce and improve the wealth, power, and attractiveness of the US while simultaneously making it harder for China to increase its international influence.

Regional Hegemon of Asia

What would it mean for Asia if China would reemerge as a regional hegemon? And is it even realistic?

Mearsheimer argues that China will try to dominate Asia like the US does the Western Hemisphere and the reasoning behind this assertion is that hegemony is the best way to secure survival in an anarchic system (Mearsheimer, 2014: 368). Moreover, Mearsheimer argues that China will have interests outside of Asia, which will prompt Beijing to create military installations all over the

world in order to intervene, project and protect self-interests. In this regard, OBOR seems to provide a useful framework for expanding civilian and military ports all over the world. However, that would also require China to abandon its non-interference policy or at least disguise interventions by providing an alternative narrative through messages that lean towards Confucianism rhetoric in the pursuit of realist power calculations (Miller, 2017: 240). In addition to this, it is important to emphasize that the US does the same thing; it uses liberal rhetoric in the pursuit of realist-based goals (Mearsheimer, 2014: 406). In contrast to Mearsheimer's argument is Jacques who sees a dominant China acting based on its historical record rather than realist logic; as he sees it *"(...) this does not mean that the Chinese will not seek in future to project their power into distant oceans and continents, but there is no tradition of this"* (Jacques, 2009: 528). This argument goes against realist logic but more importantly it assumes how China will act based on history from when China was a regional hegemon during the Qing dynasty rather than a modern China. Jacques book was written before China's more aggressive port expansions, before the creation of the AIIB, and the unveiling of the OBOR initiative, which might be the reason why his argument does not highlight these instances of modern power projection by China. Another argument would be Miller's. He argues that history might play a divisive role in the way that China will assert its powers, but suggests in contrast to Jacques that China will remember the 'century of humiliation' between the beginning of the First Opium War in 1839 and 1949 (Miller, 2017: 4) and thus act based on that historical reference rather than China's apathy for overseas expansions. However, is it possible for China to become a regional hegemon in Asia? China unlike the US has great powers in its proximity that will balance against it. Furthermore, the US will go to great lengths to prevent this from happening.

First, China must find a way to convince its neighbors that it can uphold security and prosperity in the region without the interference or dependence of the US. The US has had a big presence in

Asia since the end of WWII and that is only possible because of the alliances that still persist however; they are currently being challenged by China through economic diplomacy that puts great emphasis on economic interdependence in exchange for reduced security considerations.

Second, what can China provide that the US cannot? The liberal international order has not only benefitted the US but also China and the rest of Asia. One opportunity for China is to challenge the economic order by putting more pressure on the World Bank and the IMF, while strengthening the reach and influence of the AIIB. The distribution of power in the multilateral financial institutions does not represent the current balance of power in the world; in contrast, it shows how little change has occurred since WWII in terms of a reorganization of shares in regards to stakeholders. China has the economic clout to challenge the global economic order because of its wealth and power in this domain, but whether it will continue its assertive action in this area remains to be seen. However, no one can dispute that China has become much more vocal than earlier in terms of envisioning itself as a rising leader in trade, economics and international engagements (Tao, 2017: 1).

Third, realist logic argue that states' will balance a rising power attempting to attain hegemony because states care deeply about their security and thus China will be unsuccessful, as its surrounding neighbors will come together to balance against it (Mearsheimer, 2014: 362). However, what if China's neighbors are so dependent on China's economic success that appeasement or bandwagoning is the only viable solutions to secure the survival of the state? That would create a security dilemma in which both options are correct according to realist logic as the ultimate goal is survival of the state but the approach in reaching it differs greatly.

Fourth, is it possible? Mearsheimer, Jacques, Kissinger, Miller, and Kagan argue that it is possible if, economic growth continues at the current rate while continued military expansion continues. Moreover, they all to varying degrees accept the notion that China's rise is challenging

US dominance in Asia and aspects of the liberal international order. However, both Mearsheimer and Kagan argue that China is unable to rise peacefully within the established order and as such “(...) it proves unable to accommodate a major change in power relations” (Kissinger, 2015). A flaw that has been ingrained in the fundamental structure of order since its conception after the peace of Westphalia in 1648, which at numerous occasions throughout European history has been unsuccessful in accommodating a great power, a potential hegemon, without war.

Theoretical Reflections

This thesis argues that offensive realism has three theoretical shortcomings that are important to consider and reflect upon.

First, for realists a state’s potential power is based on the size of its population and the level of wealth. Therefore, Mearsheimer argues that China and India’s potential power can rival that of the US in the future if their economic growth continues. However, China’s future military capabilities might not be as profound as realist logic presumes it to be due to the fact that technology changes the way war works. Small skirmishes, proxy wars, or large-scale battles of the 21st century might not be won primarily by boots on the ground but rather through computer viruses, drones, or robots fighting wars for us. Mearsheimer argues that “(...) wars are won by big battalions, not by armadas in the air or on the sea” (Mearsheimer, 2014: 84), but this notion is based on a historical account of past conflicts, which merely underlines the fact that offensive realism is a descriptive theory. This theoretical framework can explain how great powers have acted in the past and are likely to act in the future, but it seems limited in analyzing innovations and developments that might challenge how we should calculate a state’s potential power (Mearsheimer, 2014: 11). One could argue, that states with massive populations like China and India might be more exposed because a computer virus shutting down the electricity grid in a city like Shanghai or New Delhi could cause more chaos and destruction than a similar military campaign at a much lower cost. Furthermore, it is

probable that military engagements in the future will be fought through a battalion of drones or robots controlled by one or more pilots thousands of kilometers away instead of big battalions of human soldiers. Therefore, the argument that population size play a vital role in a state's potential power seems to be a relic of the past that won't necessarily transfer elegantly into the 21st century. Nye's book, *The Future of Power*, discusses power in a more nuanced way by acknowledging that technology impacts military capabilities. Furthermore, Nye argues that "(...) *the world is neither unipolar, multipolar, nor chaotic – it is all three at the same time [...] today requires a new synthesis of 'liberal realism' that looks at all three boards at the same time*" (Nye, Jr., 2011: 213). In other words, one theoretical framework - realism, liberalism, critical theory, or constructivism is incapable of encapsulating and explaining all states actions and thus it is important to acknowledge that a synthesis of theories might provide more precise explanations.

Second, it seems important to discuss how the US is containing China's rise or the lack thereof. One strategy would be to slow China's economic growth and thereby decrease its power, but as Mearsheimer argues there is no practical way of doing that without harming the American economy. The relative gains would be minimal (Mearsheimer, 2014: 186). However, this thesis argues that by abandoning the TPP the US removed a potent economic instrument from its arsenal. From a neo-mercantilist perspective, TPP would provide a platform for increased trade and investment while excluding China from a trade agreement representing almost 40 percent of global GDP and one-third of world trade. TPP could act as a modern version of England's Navigation Act from 1651, which harmed England in the process but the Dutch even more so. Furthermore, a FTA would have made it harder for China to deepen economic interdependence with Asian countries by providing an alternative to China's bilateral trade approach and the OBOR initiative. Moreover, a comprehensive agreement like the TPP could potentially have altered China's trade approach purely out of exclusion, which would have been a major strategic win for the US (Miller, 2017: 232).

However, the TPP is history in terms of US involvement and it seems more likely that bilateral trade agreements between US and China will be the major instrument in shaping the economic relationship. Just now, a small trade deal has been accepted by both sides involving new agreements on US credit rating agencies and credit card companies operating in China and the resume of US beef imports, but in terms of relative gains it is too early to predict if this deal will have any effect at all as the specifics are still unknown to the public (Donnan & Mitchell, 2017).

Another strategy would be to continue to act as an offshore balancer and buck-pass the majority of costs to China's neighbors meanwhile overthrowing regimes that are friendly to Beijing and stir up trouble inside China in areas like Xinjiang and Tibet (Mearsheimer, 2014: 393). The US is already supplying South Korea with a Terminal High Altitude Area Defense (THAAD) missile system primarily to deter aggression from North Korea but its capabilities and reach is seen as a national security threat to China. Moreover, if tensions were to erupt the US would have another option to neutralize the situation in Asia even though it is fairly unlikely at present. The US could provide China's closest neighbors with nuclear capabilities, which would make military aggression that more costly. However, it is important to highlight that nuclear proliferation is an immense threat to US national security and power projection abilities and thus it would be a last resort strategy (Zhang, 2017). Additionally, Mearsheimer argues that if proxy or large-scale wars were to break out it would occur on the Korean Peninsula or in the SCS (Mearsheimer, 2014: 392), which would involve multiple countries in a potential conflict.

Third, there are conceptual flaws in the concept global hegemon and regional hegemon. The definition of 'region' is not specified nor is 'Western Hemisphere', but Mearsheimer assert that the US acts as a regional hegemon in the Western Hemisphere and has done so in principle since the Monroe Doctrine in 1823. This thesis argues that there are two problems with this assertion. First, what is the difference between a global hegemon and a regional hegemon like the US? Mearsheimer

argues that the US is not a global hegemon because it does not dominate Europe or Asia as it does the Western Hemisphere due to the fact that power projection is limited because of the world's oceans (Mearsheimer, 2014: 41). However, one could argue that the US is projecting power globally through stationed troops, NATO engagement, and a multitude of operational military bases all over Asia without very little interference by the world's oceans.

Second, how do we define the geographical area that needs to be controlled by a single state to conclude that that state is now the regional hegemon of that area? Mearsheimer does not provide an answer to this question, but says that regional hegemons are in dominant control of their region and may control another region that is nearby and accessible over land. With this definition Mearsheimer leaves a couple of questions up for interpretation, which needs to be elaborated further to better clarify what a regional hegemon is, what geographical area it controls, and why the world's oceans present such a big factor in limiting power projections. Hopefully this research topic will be discussed by other scholars in order for a more definitive concept to emerge.

Conclusion

The purpose of this thesis is to study ‘How is China challenging the international order?’ and in this regard this thesis has found that China is challenging the international order through its engagement and actions in the South China Sea, One Belt One Road, and the Asian Infrastructure and Investment Bank by trying to reaffirm its position as a regional hegemon in Asia. However, it is important to highlight how China challenges international order through its engagements more specifically.

In the South China Sea, China’s aim is to affect the strategic and security order through economic diplomacy by creating greater economic interdependence and regional growth in exchange for a situation in which China can exert great pressure and extend its territorial reach and sovereignty. Moreover, as these economic ties deepen the availability and need for US involvement decreases, which increases China relative gains to that of the US. However, the US will be involved in the SCS in the foreseeable future but America needs to reevaluate its strategy towards China, as it seems blatant that China’s actions follows realist logic and thus, will go to great lengths to safeguard its national interest.

In regard to the One Belt One Road initiative, China challenges the economic, political, and strategic order all at the same time by being a framework, an opt-in opportunity, a stark contrast to US-led arrangements that emphasize rules, regulations and structure through free trade agreements. Moreover, it represents a modern version of the Marshall Plan centered on China providing capital and expertise to guide and rejuvenate the economic growth along the SREB and MSR. Additionally, by withdrawing from the Trans Pacific Partnership the US created a situation in which China can fill the economic and political vacuum of Asia by providing alternative plans. Ones again, China’s actions follow realist logic which dictates that increased economic growth increases latent power, which in turn increases China’s power capabilities.

The Asian Infrastructure Investment Bank is a response to the negligence that the US and its allies have given developing countries. China's rise has not been accommodated adequately and thus an imbalance in the political and economic order is being corrected by providing alternative options through the AIIB. China is the second largest economy in the world and it seems logical to create a institution that can project power, ideas, and influence into the international system by challenging the status quo notions of order.

This thesis found that the liberal international order is a construct of the enormous imbalance of power that existed after WWII and therefore, it must either reimagine its structure and reach to accommodate China and other rising powers or potentially suffer the consequence of conflict and turmoil, which has been evident throughout European history when order could not strike a balance between power and legitimacy. China is challenging the liberal international order but it is important to highlight that the US for some time now have been unable to strike a balance between power and legitimacy because of actions that either directly or indirectly dismantles critical domains of order without providing alternatives – creating a void that China can occupy.

Finally, China does not reject the liberal international order, it actively embraces aspects of it, but it does so in order to reinforce and shape elements that advance its own national interest. China challenges the international order because it needs to maximize its power in a self-help world where it feels restricted and limited by the US's involvement and activities in its backyard, Asia.

Therefore, this paper concludes that China is actively pursuing a realist strategy of maximizing power in order to safeguard its national interest and ensure survival in the anarchic system by challenging multiple domains of order simultaneously in areas where the US is either directly withdrawing from or where confrontation is strategically possible. The hypothesis of whether 'China will abandon its non-interference policy to better safeguard its national interest' and 'China will try to become a regional hegemon in Asia, like the US in the Western Hemisphere' is neither

proven or disproven, but if China continues its current trajectory then it will have to abandon its non-interference policy because it cannot become a regional hegemon in Asia without interfering and intervening in other countries affairs when its national interest is at stake.

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